

Addis Ababa University
School of Commerce
Department of Marketing Management



Assessment of Service Quality and Customer Satisfaction
(The Case of Oromia International Bank Sh.C.)

By: Mathewos Girmachew

**A Thesis Submitted to the School of Graduate Studies of Addis
Ababa University in Partial Fulfillment of the Requirements
for the Degree of Masters of Marketing Management**

Advisor: Ayele Abebe (PhD)

June, 2014
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Marketing Management Post Graduate Program

Approved by Board of Examiners

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| External Examiner | Signature | Date |

Declaration

I, Mathewos Girmachew declare that this work entitled “: **Assessment of Service Quality and Customer Satisfaction (The Case of Oromia International Bank Sh.C.)**”, is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

By Mathewos Girmachew

Signature_____

Date_____

Certification

This is to certify that Mr. Mathewos Girmachew has completed his project work entitled *Assessment of Service Quality and Customer Satisfaction (The Case of Oromia International Bank Sh.C.)*

As I have evaluated, his project is appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Masters of Marketing Management.

Project Advisor:

Ayele Abebe (PhD)

Signature and Date

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ACRONYMS

OIB – Oromia International Bank

SERVQUAL – Service Quality

SQ - Service quality

Sh.C.- Share Company

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Abstract

Service quality and customer satisfaction are very important concepts that companies must understand if they want to remain competitive and grow. In today's competitive environment delivering high quality service is the key for a sustainable competitive advantage. The purpose of this study is to assess the service quality and customer satisfaction of Oromia International Bank by using a descriptive research type that used quantitative research method. The target population of the study was customers of OIB in Addis Ababa region where 385 samples were selected for the study. A survey has been used to collect primary data and 302 questionnaires were used in final analysis. Validity and reliability testing were employed to identify service quality attributes. Study results show that service quality is at the root of customer satisfaction. The findings of the study revealed that the overall mean score of perception is higher than expectation in tangibility and assurance dimensions, yielding a positive SERVQUAL gap, reliability and assurance were resulted in a negative and the responsiveness has a zero gap. The attributes perceived satisfactory performed are scattered between the five service quality dimensions. The most affirmatively perceived service quality dimensions are assurance and responsiveness followed by reliability. However, empathy and tangibility are less perceived compared to the other dimensions. Responsiveness shows the highest positive correlation with overall customer satisfaction and tangibility demonstrates the second highest positive correlation with overall with customer satisfaction. The result of this study provides evidence that the SERVQUAL dimensions are a useful tool to predict overall customer satisfaction for OIB. Further analyses on the assessment of service quality and overall customer satisfaction OIB is a topic to be researched. Continuous application of the assessment will allow a comparison between the results and further diagnostics of the service quality.

Keywords: Service Quality, Customers' Expectation and Perception, Customer Satisfaction, SERVQUAL Model

Chapter One

1 Introduction

1.1 Background of the Study

The research attempted to assess customer's expectation and perception towards service quality of Oromia International Bank S.C. (OIB) in five service quality dimensions: tangibility, reliability, responsiveness, assurance, and empathy. The study also tried to examine the level of customer satisfaction using gap model and assess the relationship between perceived tangibility, reliability, responsiveness, assurance, empathy and overall customer satisfaction in terms of perceived service quality provided by the bank.

Providing excellent service quality and high customer satisfaction is the important issue and challenge facing the contemporary service industry. High customer satisfaction and loyalty have long been key concerns for operational management in service industries. Consequently, customer orientation, namely, understanding customer requirements and expectations, is the first step service providers must take to enhance service quality. Service quality plays a critical role in a firm's competitive advantage. Studies investigating service quality have extensively examined service quality measurement to assist practitioners in effectively managing quality service. Service quality remains a critical measure of organizational performance for banking institutions and will continue to be at the forefront of services marketing literature and practice. The enthusiasm is mostly kept high by the fact that a high service quality offered often leads to customer satisfaction, loyalty, and other positive behavioral outcomes such as greater willingness to recommend the service providers to others, lesser complaints, and improved customer retention (Belay, 2012). Because customer satisfaction and customer focus are so critical to competitiveness of firms, any company interested in delivering quality service must begin with a clear understanding of its customers (Zeithaml & Bitner, 2003).

Service quality and customer satisfaction plays a critical role in a firm's competitive advantage and needs continuous assessment for the success of the business and to get maximum possible market share. However, there is only one study that conducted by Merga (2012) to assess corporate customer satisfaction towards service quality of OIB. This study indicates that customers' satisfaction have got the expected services provision from the bank. Though the service of the bank has positive corporate customer satisfaction relatively still it needs high effort from the bank to maintain the exits customer & attract the potential customers.

In an increasingly competitive environment, companies must be customer oriented (Kotler, 1997) and customer satisfaction represents a modern approach for quality in business life and serves the development of a truly customer-oriented culture and management. Banks operating in Ethiopia is consequently put into lot of pressures due towards increase in competition. Various strategies are formulated to retain the customer and the key of it is to increase the service quality level. Service quality is particularly essential in the banking services context because it provides high level of customer satisfaction, and hence it becomes a key to competitive advantage (Ahmossawi, 2001). In addition, service quality has a significant impact on a bank's success and performance (Mouawad & Kleiner, 1996). Nowadays, service quality has received much attention because of its obvious relationship with costs, financial performance, customer satisfaction, and customer retention (Harvey, 2010).

The Oromia International Bank S.C. was established as the private commercial bank, on 18th September 2008 by 5,000 shareholders with a paid up capital of 91.2 million and commenced operation of its first branch on 25th October 2008. The bank attained 86 total branches both in Addis Ababa and outlying at the end of the financial year of 2013, centering its head office in Addis Ababa, Senga Tera site.

Service quality is a recent, decisive issue in the marketing thought. It also helps control the competitive position, and consequently, determines the market share and profits

(Abdullah, 2002). Therefore, the ability of banks to continue and survive in the market depends on their ability to respond to the requirements of change and interact with the output of it. This study assesses the service quality the satisfaction level of OIB customers of account holders to check whether they were enjoying with the bank's service quality delivery to survive in the market. In addition to the above theoretical facts the following reasons motivate the researcher to conduct the study. The supportive reasons were the absence of specific similar study, the bank staff cooperation and to prove or disprove the word of mouth of the customers on the bank's service quality delivery and customer satisfaction level.

1.2 Statement of the Problem

When customers evaluate the quality of the service they receive from a banking institution they use different criteria which are likely to differ in their importance, usually some being more important than others. While several criteria are important only a few are most important. These determinant attributes are the ones that will define service quality from the consumer's perspective (Dabholkar, 1996). However, many established models of service quality have tended to focus on expectations and marginalize the issue of importance. Thus, for example, of the most widely used model to measure perceived service quality was developed by (Parasuraman, Zeithamal & Berry, 1988).

The banking industry has already been depicted (Parasuman et al., 1988) as exhibiting little market orientation and fulfilling services with little regard to customer needs as well as including branches dissimilar in efficiency. Long lines, limited time for customer servicing, transaction errors, excessive bureaucracy, and security and network failures have been said to be the most frequent problems using banking services. This highly lower customer's perception on the quality of service offered and hence customer dissatisfaction is increasing, where Oromia International Bank would never be exceptional. In which waiting in queues, network failures, inefficient functioning and, poor customer services are the most important problems most branches of OIB that can adversely affect the service quality and overall customer satisfaction level.

It is desirable for service providers to uncover what attributes customers utilized in their assessment of overall service quality and satisfaction. It is important that the banks provide customers with high quality services to survive in the highly competitive business. For this, the banks first need to understand the attributes that consumers use to judge service quality, and monitor and enhance the service performance.

Therefore, the purpose of this study will be to determine the relationship between customers' satisfaction, and service quality dimensions based on the OIB's customer's expectation and perception using service quality model. The study also used for policy makers in that in identifying the service standards that can satisfy the customer and can used for setting the industry service standards. This research is original and unresearched in that the bank do not conducted any research and there is no other external study conducted for this specific title.

1.3 Objective of the Study

The main objective of the research was to assess the service quality and customer satisfaction of Oromia International Bank. Accordingly, the specific objectives of the research were;

- ❖ To assess customers expectation and perception towards service quality of OIB in five service quality dimensions: tangibility, reliability, responsiveness, assurance, and empathy.
- ❖ To examine the level of customer satisfaction using gap model.
- ❖ To assess the relationship of perceived service quality and customer satisfaction the case of OIB.

1.4 Research Questions

RQ1. What are the levels of customers' expectation and perception and their gap towards service quality?

RQ2. What is the service dimensions level on customer satisfaction of OIB using Gap analysis?

RQ3. What is the relationship between the perceived service quality dimensions and overall Customer Satisfaction?

1.5 Limitation of the Study

It is difficult to say that one research study is accurate and complete without any difficulties. No research study is complete in itself. Some of the limitations of this study were:

- ❖ The exclusion of customers of outlying branches and the rest of city branches from the sample survey which could have a negative impact in inferring conclusion on the bank's service quality throughout the country.
- ❖ In the quantitative research, the methods of questionnaires techniques tends to test the predetermined hypotheses only, therefore some potentially interesting spontaneous or tangential responses may be excluded or missed.
- ❖ Limitations of the Likert-type scale simply examine whether respondents of the study were more or less favorable to a topic, but we cannot tell how much more or less they are.
- ❖ The structured type of questionnaire (adopted from SERVQUAL Model) was challenging to convey innovative concepts to respondents.
- ❖ Use of design or statistical analyses to control for threats to internal validity. It does not permit to apply logical analyses to control or account for alternative explanations.

- ❖ Validity refers to the extent to which a test measures what we actually wish to measure. The applicability of SERVQUAL measure is well established in the retail banking industry. Hence, SERVQUAL heightened the interest of many researchers but there are some arguments against its validity. Criticisms include the use of different scores, applicability, dimensionality, lack of validity, etc. Critical reviews of SERVQUAL are offered by (Asubonteng & Buttl *et al.*, 1996; Elias 2012).

- ❖ Though the structured questionnaire used was valid to measures to cover the topic under study, the service quality dimensions and customer satisfaction, there is a limitation of validity in representativeness of all customer of Oromia International Bank. On the other hand the study was reliable in that it applied the accurate and precise measurement procedure.
- ❖ Reliability has to do with the accuracy and precision of a measurement procedure. SERVQUAL model precisely measures the service quality using Cronbach alpha with acceptable cut off point. The full reliability tests of the items were shown at the end of chapter four.

1.6 Significance of the Study

The outcome of assessing quality practices helps Oromia International Bank to identify its strength and problems quickly and systematically and gives direction whether to continue or improve its service quality and the operational processes of the company in addition it helps the company for identifying and managing bank service quality strategies. Moreover it enables OIB to establish valid and reliable service strategies, service performance measures and measuring customer satisfaction and other performance outcomes.

Base on the information received from the research and development department of OIB there is no in-depth study was conducted in this sector for measuring quality of the services and customer satisfaction especially for OIB. Hence the study is rationale for assessing Service Quality using SERVQUAL Model of the OIB and its customer satisfaction.

One of the most important benefits of this study will be to bring about improvements in the OIB banking service, thereby, satisfaction of existing customers and possibility of attracting potential users. In addition make assessing and monitoring service quality in banks periodically, to enable the banks to identify where improvements are needed from

the customers' viewpoint, and to place an emphasis on the underlying dimensions of service quality. In addition it can help the OIB to reallocate resources in areas that have greater influence on customer satisfaction. In addition the result of the research can serve as guidelines for the formulation of policies on the quality of bank's services, help recognize that customers hold different types of expectations for service performance, the study may help OIB management in decision making by understanding the problems from this findings with regards to the service quality provided and it will demonstrate that there are other factors that influence customer satisfaction judgment. Also add up to the store of knowledge on customer satisfaction in the banking industry in general and in OIB in particular.

Moreover, the study was an opportunity to the researcher to apply the theoretical knowledge and to provide additional information to existing literature on customer satisfaction and service quality dimensions on banking services.

1.7 Delimitation of the Study

This study is geographically limited to Oromia International Bank in Addis Ababa City Administration, specifically the four branches (Wadessa, Finfinne, Babo and Gullele Branches) due to the fact that the OIB's branches in regions are scattered and cover a large geographical area, it requires enough time for conducting the survey and enough financial resources. Because of this the findings of this study may not be generalized to other area branches of OIB. In addition to the five variables of service quality dimensions there several variables affecting customer satisfactions like consumer behavior, environmental factors, educational background, the availability of infrastructure of the country and etc. which this study does not cover because of the above limitations (Belay, 2012)

Chapter Two

2 Literature Review

2.1 Introduction

The primary purpose of this section is to get the theoretical understanding of the concept of service quality and more specifically, customers' expectations, perceptions of toward service quality dimension and customer satisfaction using theoretical background.

2.2 Theoretical Framework

2.2.1 Service Characteristics

A company must consider five main service characteristics when designing marketing programmes: intangibility, inseparability, variability, perishability and lack of ownership (kotler, 1999, pp-647).

A. Intangibility

Service intangibility means that senders cannot be readily displayed, so they cannot be seen, tasted, felt, and heard or sine lied before they are bought. Because service offerings lack tangible characteristics that the buyer can evaluate before purchase, uncertainty is increased. To reduce uncertainty, buyers look for 'signals' of service quality. They draw conclusions about quality from the place, people, equipment, communication material and price that they can see. Therefore, the service provider's task is to make the service tangible in one or more ways. Whereas product marketers try to add intangibles (e.g. fast delivery, extended warranty, after-sales service) to their tangible offers, service marketers try to add tangible cues suggesting high quality to their intangible offers. Consider a bank that wants to convey the idea that its service is quick and efficient. It must make this positioning strategy tangible in every aspect of customer contact. The bank's physical setting must suggest quick and efficient service: its exterior and interior should have clean lines; internal traffic flow should be planned carefully; and waiting lines should seem short. The hank's staff should be busy and properly dressed. The equipment - computers, copying machines, desks - should look modern. The bank's advertisements

and other communications should suggest efficiency, with clean and simple designs and carefully chosen words and photos that communicate the bank's positioning.

B. Inseparability

Service inseparability means that services cannot be separated from their providers, whether the providers are people or machines. If a person provides the service, then the person is a part of the service. The other feature of the inseparability of services is that other customers are also present or involved. The implication for management would be to ensure at all times that customers involved in the service do not interfere with each other's satisfaction.

C. Variability

As services involve people in production and consumption, there is considerable potential for variability. Service variability means that the quality of services depends on who provides them, as well as when, where and how they are provided. As such, service quality is difficult to control. Even the quality of a single employee's service varies according to his or her energy and frame of mind at the time of each customer contact. For example, two services offered by the same solicitor may not be identical in performance. Service firms can take several steps towards quality control. First, they can select and train their personnel carefully. Second, they can motivate staff by providing employee incentives that emphasize quality, such as employee-to-the-month awards or bonuses based on customer feedback. Third, they can make service employees more visible and accountable to consumers - car dealerships can let customers talk directly with the mechanics working on their cars. A firm can check customer satisfaction regularly through suggestion and complaint systems, customer surveys and comparison shopping. When poor service is found, it is corrected. Fourth, service firms can increase the consistency of employee performance by substituting equipment for staff (e.g. vending machines, automatic cash dispensers), and through heavy enforcement of standardized as well as detailed job procedures.

D. Perishability

Service perishability means that services cannot be stored for later sale or use. The perishability of services is not a problem when demand is steady. However, when demand fluctuates, service firms often have difficult problems. Service firms can use several strategies for producing a better match between demand and supply. On the demand side, differential pricing — that is, charging different prices at different times - will shift some demand from peak periods to off-peak periods. On the supply side, firms can hire part-time employees to serve peak demand. Peak-time demand can be handled more efficiently by rescheduling work so that employees do only essential tasks during peak periods.

E. Lack of Ownership

Service products lack that quality of ownership. The service consumer often has access to the service for a limited time. Because of the lack of ownership, service providers must make a special effort to reinforce their brand identity and affinity with the consumer by offering incentives to consumers to use their service again.

2.2.2 Service Quality

Quality is the keyword for survival of organizations in the global economy. Organizations are undergoing a shift from a production-led philosophy to a customer-focused approach. Competitiveness of a firm in the post-liberalized era is determined by the way it delivers customer service. Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). Firms with high service quality pose a challenge to other firms. Many scholars and service marketers have explored consumers' cognitive and affective responses to the perception of service attributes in order to benefit by providing what consumers need in an effective and efficient manner. Organizations can business excellence through quality control in services (Shahin, 2010). Again service quality considered as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than

satisfactory and hence customer dissatisfaction occurs (Parasuraman et al ., 1985; Lewis & Mitchell, 1990).

Service quality is a recent, decisive issue in the marketing thought. It also helps control the competitive position, and consequently, determines the market share and profits (Abdullah, 2002). Therefore, the ability of banks to continue and survive in the market depends on their ability to respond to the requirements of change and interact with the output of it. As the customers' needs and wishes are shaped and formed in the light of their economic, social and civilization conditions, there is a close relationship between the banks' ability to continue and survive and their ability to produce services that fit in with the increasing and changing needs of the customers. So, organizations, especially service ones, work hard to find effective ways to counter external changes in order to survive and they enhance their effectiveness by means of activating their services and creating and developing new ones. So the service quality provided by an organization has become a necessity whose significance increases according to the increase of the customers' needs, wishes and expectations of the service and according to the organization's ability to meet these needs, desires and expectations. Accordingly, quality is no longer a mere consistence of the services with the technical standard specifications already defined. Rather, it has included the customers' needs and requirements of services (Al-Enazy, 2002). Service quality is not just a slogan, but a long commitment to meeting the continuous and term increasing needs and wishes of the customers. It is the responsibility of organizational administrations and people working in the organization. The importance of achieving high levels of quality lies in the number of economic and non-economic benefits resulting from quality commitment and lies in eliminating its problems and the causes of these problems as cited in (Sulieman, 2011).

Berry and Zeithaml (1988) define service quality as the gap between expectations and perception of service quality (SERVQUAL), and indicated five service quality dimensions. American Customer Satisfaction Index (Fornell et al., 1996) also defines service quality as the degree to which a product or service provides customer requirements (customization) and how these requirements are met (reliability). Perceived

quality reflects the opinion of the consumer regarding the superiority or global excellence of a product or service (Zeithaml, 1988).

Service quality is an approach to manage business processes in order to ensure full satisfaction of the customers which will help to increase competitiveness and effectiveness of the industry. Quality in service is very important especially for the growth and development of service sector business enterprises (Powell, 1995). It works as an antecedent of customer satisfaction (Ruyter & Bloemer, 1995). Different strategies are formulated to retain the customer and the key of it is to increase the service quality level. Typically, customers perceive very little difference in the banking products offered by private banks dealing in services as any new offering is quickly matched by competitors. Parasuraman *et. al.* (1985) and Zeithaml *et. al* (1990) noted that the key strategy for the success and survival of any business institution is the deliverance of quality services to customers. The quality of services offered will determine customer satisfaction and attitudinal loyalty (Ravichandran *et. al.* 2010).

According to Moguluwa (2013) service quality has been viewed as a significant issue in the banking industry (Olaleke, 2010). Since financial services are generally undifferentiated products, it becomes imperative for banks to strive for improved service quality if they want to distinguish themselves from the competition.

Similarly, Bowen and Hedges (1993) documented that improvement in quality of service is related to expansion of market share. In the current marketing literature, much attention on the issue of service quality as related to customers' attitudes towards services has focused on the relationship between customer expectations of a service and their perceptions of the quality of provision. This relationship known as perceived service quality was first introduced by Gronroos (1982) as mentioned by (Moguluwa, 2013).

Gronroos (1982) suggests that "the perceived quality of a given service is the result of an evaluation process since consumer makes comparison between the services they expect with perceptions of the services they receive". Sequel to this therefore, he concludes that the quality of service is dependent on two variables: expected service and perceived

service. Parasuraman *et. al.*, (1985) considered that a customer's assessment of overall service quality depends on the gap between the expected and perceived service.

Thus, the key to managing perceived service quality is to minimize this gap. Zeithaml (1988) define perceived service quality as the customers' assessment of the overall excellence of the service while Bolton and Drew (1991) describe service quality as a form of attitude that results from the comparison of expectations with performance. Berry, Zeithaml and Parasuraman (1990) pointed out that since customers are the "sole judge of service quality", an organization can build strong reputation for quality service when it can constantly meet customer service expectations.

2.2.3 Customer Satisfaction

According to Emrah (2010) customer value perceptions are best assessed by means of customer satisfaction. In an increasingly competitive environment, companies must be customer oriented and customer satisfaction represents a modern approach for quality in business life and serves the development of a truly customer-oriented culture and management. There is no doubt that customer satisfaction has vital role for every organization among business life. It can be said that measuring customer satisfaction in this competitive business environment is "must". Organizations which want to meet customers' expectations should use this marketing tool properly. This paper has aimed to illustrate the importance of customer satisfaction and customer satisfaction measurement. This study has conceptually defined what is customer satisfaction and customer satisfaction measurement regarding the related literature (Emrah, 2010).

On the other hand Faizan et al., (2011) cited that customer satisfaction holds significant importance in corporate sector because without satisfied and loyal customers, you don't have a business. A single unsatisfied customer can send away more business from your organization than 10 highly satisfied customers. The more you focus on customer satisfaction and retention, the more long-term business you will get. The importance of customer satisfaction cannot be dismissed because happy customers are like free advertising. Many of us have heard of the current trend for businesses to become highly

customer-centric, that is to put the customer at the centre of our business in terms of our strategies, actions and processes. For most of us, old truths still hold good, such as it is easier and more profitable to sell to existing customers than to find new ones. In practice, organizations are increasingly setting themselves strategies to measure and ensure customer retention, and charging their staff to be more customer-focused and service-oriented.

Moguluwa (2013) stated that customer satisfaction is actually a term mostly used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation. To some, this may be seen as the company's key performance indicator. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success (Zeithaml *et. al.*, 1996; McColl-Kennedy & Scheider, 2000) cited in (Munusamy et al., 2003), cited in (Shed, 2013). It is also defined as a global issue that affects all organizations, regardless of its size, whether profit or non-profit, local or multi-national.

Companies that have a more satisfied customer base also experience higher economic returns (Bolton & Drew, 1998; Munusamy *et. al.*, 2010). Consequently, higher customer satisfaction leads to greater customer loyalty which in turn leads to higher future revenue (Bolton and Drew, 1998). Hence, many market leaders are found to be highly superior-customer-service orientated, and have been equally rewarded with high revenue and customer retention.

Organizations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers. Apparently, many researchers conceptualize customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Kang et al., 2002; Munusamy et al., 2010). There are two general conceptualizations of satisfaction here, namely, the transaction-specific

satisfaction and the cumulative satisfaction. Transaction-specific satisfaction is the customer's very own evaluation of his or her experience and reaction towards a particular service encounter (Boshoff & Gray, 2004 cited by Munusamy et al., 2010). This reaction is expressed by the customer who experiences a product or service for the first time.

Meanwhile, cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date (Johnson, Anderson & Fornell, 1995). It is from this accumulation that customers establish a personal standard which is used to gauge service quality. However, in general, it is agreed that customer satisfaction measurement is a post-consumption assessment by the user, about the products or services gained (Churchill & Surprenant, 1982).

2.2.4 Perceived Service Quality and Customer Satisfaction

Service quality of late has emerged as the major attraction to many banks as a competitive differentiator (Newman, 2001). Measuring the customer satisfaction helps banks to understand the customers' needs and can thus change strategies accordingly. Customer satisfaction is defined as the result of a cognitive and affective evaluation, wherein a standard comparison is adopted for the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied and on the other hand, if the perceived performance exceeds expectations, customer will be delighted (Kotler & Armstrong, 2001) as cited in (Shed, 2013).

In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers (Shemwell *et al.*, 1998). As service quality improves, the probability of customer satisfaction increases. In this way, the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern (Bolton & Drew, 1991; Cronin & Taylor, 1992; Taylor & Baker, 1994). According to Sulieman (2011) customers' evaluations of the service quality are critical to service firms that aim to improve their marketing strategies (Cronin & Taylor, 1992; Jain and Gupta, 2004; Ofir & Simonson, 2001). Oliver (1997) defines satisfaction as "the consumer's fulfillment response", a post

consumption judgment by the consumer that a service provides a pleasing level of consumption-related fulfillment, including under- or over-fulfillment. Customer satisfaction is viewed as influencing repurchase intentions and behavior, which, in turn, leads to an organization's future revenue and profits. As a result of the direct link with profits, the issue of service quality and customer satisfaction has become a focus of the banking industries. More and more companies are compelled to assess and improve their service quality in an effort to attract customers (Gilbert & Veloutsou, 2006). Service quality is an antecedent of the broader concept of customer satisfaction (Gotlieb et al., 1994; Buttle, 1996; Zeithaml & Bitner, 1996; Lee et al., 2000) and the relationship between service quality and loyalty is mediated by satisfaction (Caruana, 2002; Fullerton & Taylor (2002) as cited by (Sulieman, 2011).

According to Negi, (2009), the idea of linking service quality and customer satisfaction has existed for a long time. He carried a study to investigate the relevance of customer-perceived service quality in determining customer overall satisfaction in the context of bank services and he found out that reliability and assurance are the key factors in evaluating overall service quality but also highlighted that responsiveness, empathy and tangibles should not be neglected when evaluating perceived service quality and customer satisfaction.

2.2.5 The SERVQUAL Model

Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction. Many agree that in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service. Thus, competitive advantage through high quality service is an increasingly important weapon to survive. Measuring service quality seems to pose difficulties to service providers because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability. Because of these complexities, various measuring models have been developed for measuring perceptions of service quality (Parasuraman *et. al.*, 1988).

The service quality model of Parasuraman et al. (1988) proposes a five-dimensional construct of perceived service quality: tangibles, reliability, responsiveness, assurance and empathy – with items reflecting both expectations and perceived performance. Service quality has become an important research topic because of its apparent relationship to costs, profitability, customer satisfaction, customer retention and positive word of mouth (Reichheld & Sasser, 1990).

There are many research instruments developed to measure the perceived service quality. Among such general instruments, the most popular being the service quality model, a well known scale developed by (Parasuraman *et al.*, 1998). SERVQUAL, as it has been frequently used in the literature has been widely acknowledged and applied in various services setting for variety of industries in the past decade. Examples include: health care setting, dental school patient clinic, business school placement centre, large retail chains, banking, pest control, dry cleaning, and fast food restaurants (Cronin & Tayler, 1992).

According to Olaleke (2010), the SERVQUAL measuring tool “remains the most complete attempt to conceptualize and measure service quality because of its number of benefits”. Incidentally, the SERVQUAL measuring tool’s main benefit is its ability that allows researchers to examine numerous service industries such as; healthcare, banking, financial services, and education (Olaleke, 2010). The fact that SERVQUAL has critics does not render the measuring tool inconsequential; rather, the criticism received concerning SERVQUAL measuring tool may have more to do with how researchers use the tool.

Originally, SERVQUAL formulated by Parasuraman et al. (1985) showcased ten various components of service quality. Later in 1988, these ten components were collapsed into five different dimensions, namely:

- 1. Tangibles:** physical facilities, equipment, and appearance of personnel;
- 2. Reliability:** ability to perform the promised service dependably and accurately;
- 3. Responsiveness:** willingness to help customers and provide prompt service;
- 4. Assurance:** knowledge and courtesy of employees as well as their ability to convey trust and confidence
- 5. Empathy:** individual care and attention that a company provides its customers.

Banks may or may not employ all service quality dimensions to serve their customers. The five service quality dimensions affect customer satisfaction which in turn affects customer retention and relationship, and organization profitability. Having these relationships, relationship between service quality dimensions, customer retention and relationship, and organizations profitability, this study will examine the service quality of OIB on customer satisfaction by using the five service quality dimensions. The five service quality dimensions are (Zeithaml & Bitner, 2003).

Reliability: Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises-promises about delivery, service provision, problem resolution, and pricing.

Responsiveness: Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints, and problems.

Assurance: Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes.

Empathy: Empathy is defined as the caring individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them.

Tangibles: Tangibles are defined as the appearance of physical facilities, personnel, and communication materials. All of these provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality.

2.2.6 The Gaps Model

Service quality, according to Parasuraman et al. (1994) is "the degree of discrepancy between customers' normative expectations for the service and their perceptions of the service performance". A conceptual model of service quality which includes five gaps is

proposed by Parasuraman et al. (1985), and Zeithaml (1988). This conceptual model is useful in that it is easy for practitioners to understand service quality components (Chua-Hua Kuei, Min H. Lu, 1999). However, for service quality improvement, a number of issues need to be examined and resolved first. For example:

- ❖ How can these five service quality gaps be measured?
- ❖ Is it necessary to react to all service quality indicators or to only those that are below expectations?
- ❖ What opportunities exist for further service quality improvement?
- ❖ How should potential service quality improvement projects be evaluated?
- ❖ Which department is responsible for service quality examination and evaluation?
- ❖ Who is responsible for or accountable to service quality gaps?

The gap model positions the key concepts, strategies, and decisions in services marketing in a manner that begins with the customers and builds the organization's tasks around what is needed to close the gap between customer expectations and customer perceptions. The central focus of the gaps model is the customer gap, the difference between customer expectations and perceptions. Firms need to close this gap-between what customers expect and receive-in order to satisfy their customers and build long-term relationships with them.

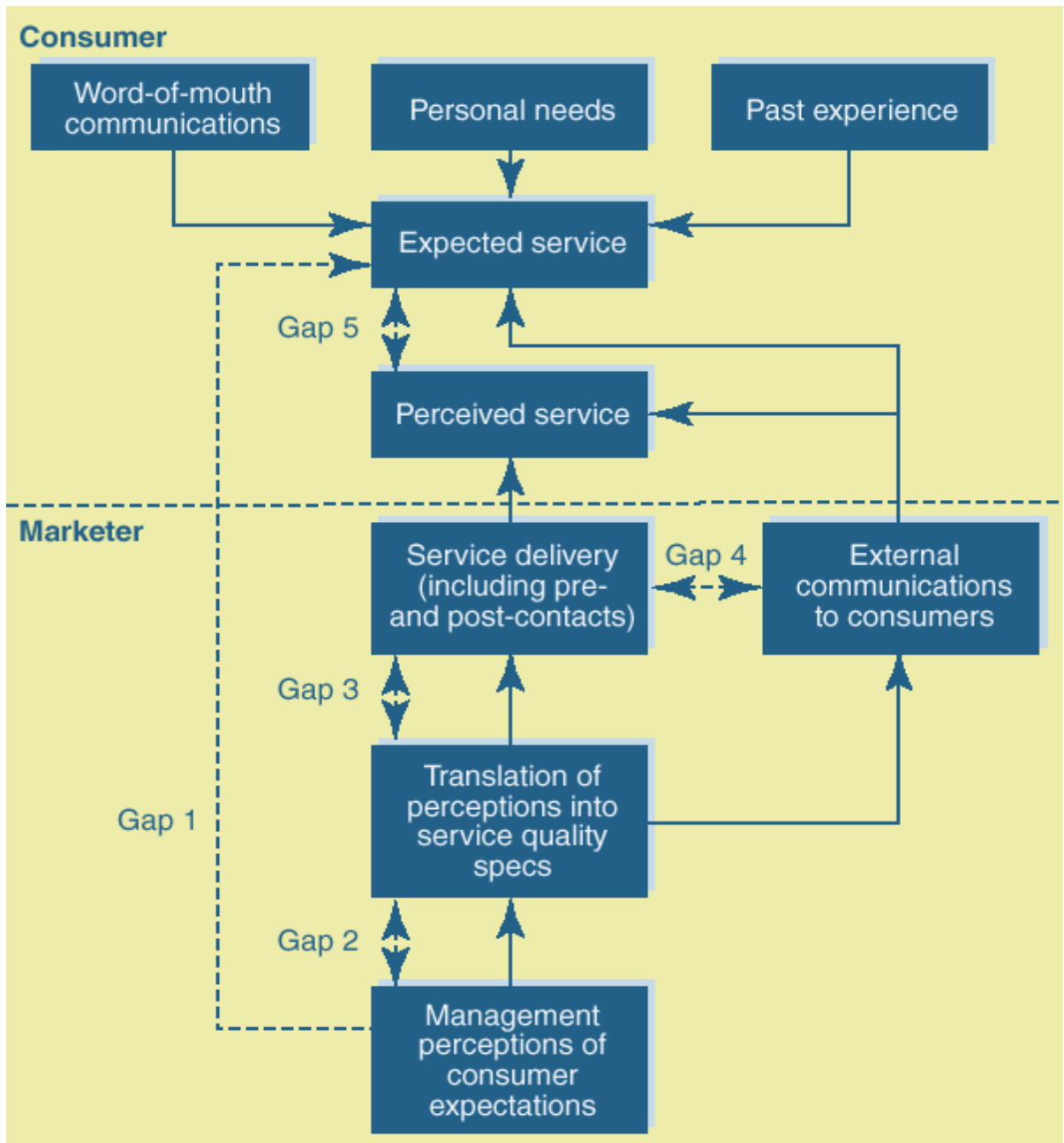


Figure The Gap Model

Source: Zeithaml and Bitner, 2003 as cited in (Belay 2012).

2.3 Empirical Literature Review

Research conducted on Oromia International Bank by Merga (2012) to assess corporate customer satisfaction towards service quality of the bank. Both primary and secondary data source were used. The target respondents for the study were 50 corporate customers' at 12 city branches those used the Bank credit facilities for at least 1year. The non probability sampling technique and the structured type of questionnaire instrument was implemented. Perceptual measurements which were rated on a five-point Likert scale and the SPSS version 16 were used to analyze the data. Finally, the study indicated that in corporate customers' satisfaction in OIB have got what they expected from the bank with respect to services providing by bank.

According Mesay (2012) a research conducted on bank service quality, customer satisfaction and loyalty in Ethiopia banking sector with the major aim to measure the quality of service offered by private banks operating in Ethiopia. Moreover, it tries to investigate the relationship between service quality, customer satisfaction and loyalty. The five dimensions of SERVPERF model i.e. reliability, assurance, tangibility, empathy and responsiveness were used to measure the quality of service offered by the private banks. In order to achieve the aims, both primary and secondary sources of data were used. The primary data were collected through administrating questionnaire. Convenient sampling procedure was used to obtain 260 responses from customer of banking services in Hawassa city on the 22 item SERVPERF scale measure perception regarding their respective banks service. Correlation and multiple regressions were used to investigate the relationship between dependent and independent variables. The correlation results indicate that there is a positive correlation between the dimensions of service quality and customer satisfaction. The results of the regression test showed that offering quality service have positive impact on overall customer satisfaction. The research proves that empathy and responsiveness plays the most important role in customer satisfaction level followed by tangibility, assurance, and finally the bank reliability. The research findings also indicate offering high quality service increase customer satisfaction, which in turn leads to high level of customer commitment and loyalty.

In addition the research conducted in Ethiopia by Belay (2012) in titled with Service Quality and Customer Satisfaction (The Case of Cooperative Bank of Oromia). The researcher implemented both qualitative and quantitative research approach with bothe descriptive and explanatory research method. A target population consists of the Using the CBO, sampling units were managers, employees, and customers who have registered on customer data base of the two branches. For this study, the researcher selected a sample of the two branches of CBO from the all branches of CBO in Addis Ababa City Administration randomly by using lottery system consisting of a sample size of 41 employees, 258 customers. For this study both simple random sampling and systematic random sampling techniques were used. Both primary and secondary is collected. The rsearcher found the following results.

The results showed that the overall mean score of perception ($m=4.17$) is higher than expectation ($m=4.08$) in all dimensions, yielding a positive SERVQUAL gap. Hence, customers are satisfied with all dimensions of service quality. Moreover, all dimensions portray positive gap values which signify that the actual perceived service exceeds the expected service. The findings of the study show the difference between expectation and perception. Tangibility and responsiveness are the most important dimensions with the highest positive gap (0.19 and 0.15) respectively.

The customer gap is evaluated on the basis of five service quality dimensions encompassing Tangibility, Reliability, Responsiveness, Assurance and Empathy. Based on these five service quality dimensions questionnaire is conducted. The questions posed are all pertaining to service quality attribute aiming to explore the respondents expected and perceived service evaluations in all aspects of the service delivery of the bank. This study focused further on the gap between customers' expectation and their perception of the bank (CBO). The results showed that the overall mean score of perception ($m=4.17$) is higher than expectation ($m=4.08$) in all dimensions, yielding a positive SERVQUAL gap. Hence, customers are satisfied with all dimensions of service quality. Moreover, all dimensions portray positive gap values which signify that the actual perceived service exceeds the expected service. The findings of the study show the difference between

expectation and perception. Tangibility and responsiveness are the most important dimensions with the highest positive gap (0.19 and 0.15) respectively.

The attributes perceived satisfactory performed are scattered between the five service quality dimensions. The most affirmatively perceived service quality dimensions are assurance and empathy followed by tangibility. However, reliability and responsiveness are less perceived compared to the other dimensions. Responsiveness shows the highest positive correlation ($r=.639^{**}$, $p<0.01$) with overall service quality and positively correlated with customer satisfaction ($r=.252^{**}$, $p<0.01$) and Assurance demonstrates the second highest positive correlation ($r=.595^{**}$, $P<0.01$) with overall service quality and correlates with customer satisfaction ($r=.261^{**}$, $p<0.01$). The relative importance of the significant predictors is determined by looking at the standardized coefficients. Tangibility has the highest standardized coefficient and the lowest significance, which means tangibility is the best predictor. Tangibility and customer satisfaction had a high correlation of .294 and the value of $R^2=.086$. This indicates that variability in customer satisfaction can be explained by tangibility dimension which accounts 8.6%. The findings indicate that customers' perceptions vary according to the nature of service. In this case, the highest customers' perceptions are demonstrated in the assurance area such as product knowledge, skill to perform service and trustworthy, followed by the empathy area such as timing of the bank, effective communication and personal attention. On the other hand, the low perceptions comparing to the other dimensions are in the responsiveness area, such as telling when services are provided, give prompt service and respond to requests promptly. Because of the wide variation of responses, the bank needs to consider the weak areas in order to meet customer requirement. The impacts of "Tangibility", "Reliability", "Responsiveness", "Assurance", and "Empathy" on customers' satisfaction with the bank are .217, .191, .172, .159 and .140 respectively, in their descending order indicating that Tangibility has the highest impact on customer satisfaction (Belay, 2012).

On the other hand a study conducted by Yonatan (2010) in a title Customers' Perception of Service Quality in Ethiopia banking sector: An Exploratory study with a primary

purpose of assessing customers' perception toward quality banking service at CBE, UB bank and AIB. Data collection is done via a survey method where SERVQUAL instrument is used to record opinions of respondents about the quality of service they receive in their respective bank. In this study the original SERVQUAL model of Parasuraman et al. (1985), (five dimensions, namely Tangibility, Reliability, Responsiveness, Assurance, and Empathy) is used. The instrument consisted of 22 statements is modified by adding one more statement on the tangible dimension (the convenience location of branches to customers). This is due to the fact that convenience is one of major concern for bank customers particularly in Ethiopian context. Therefore, this study is based on the modified SERVQUAL model which is assumed to contain the five dimensions with 23 statements to assess the gap between customers' expectations and perceptions. The respondents are asked to rate all 23 statements each on expectation and as well as perception and to rate the relative importance of each of the five dimensions constituting the SERVQUAL scale. The target samples for the study is all the bank customers regardless of whether they are doing their banking transactions with domestic banks, foreign banks, loan service or other banking services at the selected branches. Since, it is difficult to get the exact number of customers in the banks and the limited scope of the study, 45 customers from each bank are selected as a sample which is a total of 135 respondents. From each bank's three branches 15 respondents are randomly selected at the working hours of the bank. The study largely depends on primary data, which is collected through survey method by using SERVQUAL instrument. The respondents are asked to rate each statement using Likert scales of 1 to 7 (1 strongly disagree, 7 strongly agree). The respondents are also asked to rank the five dimensions according to how important it is to them, on a 1-10 point scale, while determining the quality of a service. The secondary data are collected from internet; government agencies and the NBE are used to support the primary data analysis. The mean and standard deviation of each SERVQUAL statement will be calculated for perception as well as expectation and the average Gap Score for each dimension is obtained. The necessary analysis and interpretation is made based on the average unweighted gap score of each bank as well as the average gap scores for attributes and dimensions. Finally the five dimensions are ranked by the respondents on the level of

importance for determining the quality of banking service. In this study an improvised system of SERVQUAL instrument is used to calculate the average unweighted gap scores and ranking the five dimensions in the level of their importance. Based on analysis of the data and findings the researcher found the following conclusions. At CBE the unweighted SERVQUAL average score is -0.8388 indicating that the customers' expectations are not met. The Reliability dimension is worrisome with a gap score of -0.91 indicating that the bank is not able to provide consistent service. Tangibles dimension has a gap score of -0.789 in which the attribute "the convenience location of branches" has the highest negative score (-1.2) suggesting that the location of the branches are not convenient to customers. The other dimension with large negative score is Assurance (-1.5) which indicates that staff may not be friendly and knowledgeable. On the other hand at AIB the overall unweighted score is -0.8656 indicating that the customers are not satisfied with the banking service. Empathy has the highest negative score at AIB which suggests that the staffs are not perceived as providing caring, individual attention to customers and understanding specific need of customers. The Tangibles with the score of -1.276 indicates that the customers are not impressed with the physical facilities of the bank. Also the Reliability of the bank is low with a gap score of -0.982. In addition the unweighted average SERVQUAL score at UB is -0.907 showing the bank is not providing a "wished for" banking service to the customers. Empathy has the highest negative gap score of -1.42 demonstrating that UB has some deficiencies in this dimension. The Reliability dimension also has a gap score of -1.048 showing that the customers do not perceive the bank's service to be consistent. Compared to the other dimensions the assurance dimension at UB is considered to be relatively better, even though it has a negative score.

Finally the study demonstrates that the unweighted SERVQUAL scores of the three banks are negative and the high standard deviation for each dimension/ attributes indicates that the negative scores for each dimension/attributes could potentially be even higher. All these indicate that the banks are not able to meet customers' expectation or the customers are not satisfied with the banks service at the banks. Reliability is rated to be the most important dimension in determining a quality banking service, while

comparing the relative importance of dimensions. Assurance and Responsiveness will take second and third rank. Tangibles being the fourth and Empathy is assumed to be least important in determining quality banking service. While comparing the unweighted scores of the three banks, UB has the highest gap score of -0.907 showing relatively poorer performance. AIB has the second highest gap score indicating that the customers' expectations are not met. Even though it has a negative gap score for the all dimensions, CBE has a better service quality as compared to the other two banks in this study. It is interesting to note that customers rated empathy dimension as the least important. At the same time, empathy has received the highest negative gap score. This could be due to the fact that management do not pay much attention to this dimension realizing that this is not very important to customers (Yonatan, 2012).

According to Nardos (2012) study entitled with the influence of internal marketing on customers' perceived service quality: a case study on Ethiopian Electric Power Corporation (EEPCO) to investigate the situation of customer-employee interaction during service encounters, and to see whether there is a plausible relationship between internal marketing programs of the firm which aims at enabling employees by applying marketing like tools that the firm normally used for the external market and customers perceived service quality which is the outcome of customers' evaluation of the service quality which could be the basis for their future patronage decision. Even though the growing importance of people in service sectors are supported in main literatures there are still problems where traditional approaches of managing business that fully focus on external customers' satisfaction is still a belief of many firms. The study targets 295 samples of customers based on their convenience and easiness to discern their perception of service quality they receive from the corporation and select 54 front-line staffs randomly to obtain their evaluation of the corporation's IM practice. The result shows that generally employees are dissatisfied with their corporation's IM activity. The correlation analysis shows that all variables of IM have a significant association with employees' perception of internal service quality. The study also examines the influence of five dimensions of service quality on customers' perception of service quality. Employees' empathy, responsiveness, tangibility dimension, assurance and reliability of the service

were found significant in affecting customers' judgment of service quality. Even if there is a strong positive correlation between IM variables and perceived service quality, the regression analysis shows that only employees' commitment, reward, top management and internal communication are significant to explain the variation in customers perceived service quality. Therefore, it is advisable for the corporation to take the necessary measures regarding employees' commitment; revising the existing reward system to reflect all employees requirement; there should be open and welcoming management to assist employees in their difficulties; internal communication should be there to keep employees up-to-date and informed about new events.

A study conducted in Egypt with the title Service Quality Dimensions and Customers' Satisfactions of Banks in Egypt (Niveen & Demyana, 2013) this study was based on a questionnaire survey conducted in Egypt. Based on an extensive review of literature, the paper used empirical research to analyze service quality of banking services provided by banks in Egypt .This was an analytical study based mainly on the primary data collected through a scientifically developed questionnaire. The questionnaire has been personally administered on a sample size of 150, chosen on a convenient basis from Egyptian banks. The research resulted based on a factor analysis identify four factors that influence users' evaluation of service quality of banking services. These factors were reliability, responsiveness, empathy and assurance. The findings were important to enable bank managers to have a better understanding of customers' perception of service quality of banking and consequently of how to improve their satisfaction with respect to aspects of service quality (Niveen, 2013).

Besides a study conducted in India in titled with Customer Satisfaction in Commercial Banks a Case Study of Punjab National Bank Deepti (2012) the researcher used qualitative and quantitative research design. In qualitative depth interviews, focus groups and projective techniques have been used. In quantitative research design the data have been collected from primary source through observations, experimentation and questionnaires. The researchers were collected the data from 100 of customers coming to banks through face-to-face interviews. The result of the paper shows that curtsey,

accuracy and speed are like a crown factors for a bank. The first reasons of dissatisfaction in public sector banks were due to behavior and attitude of the staff in the bank (Kanojia, 2012).

According to research conducted by Christopher Gan (2011) service quality had the most influence on bank customers' satisfaction compared to value and corporate image. The results also provided support for the moderating effect of value on the relationship between service quality and customer satisfaction, and the moderating effect of corporate image on the relationship between the service quality dimensions identified in this study and service quality. In order to improve customer satisfaction, bank management should develop strategies and products to cater for different customers from different socioeconomic backgrounds (Christopher *et al.*, 2011).

On the other hand study conduct in Nigeria with the title Evaluating Customer-Perceived Service Quality and Customer Satisfaction in the Nigeria Banking Industry (Moguluwa, 2013) that implement a quantitative research with a survey design method using both primary & secondary sources by taking a sample size of 140 from the population to study the relationship between service quality dimensions and customer satisfaction. The findings from the study revealed that, assurance; empathy and responsiveness have positive relationships, but have no significant effects on customer satisfaction. Reliability has negative relationship but has no significant effect on customer satisfaction. Tangibles have positive relationship and have significant impact on customer satisfaction. Conclusively a business that caters for their customers' needs will inevitably gain the loyalty of their customers, thus resulting in repeat business as well as potential referrals. We therefore recommend that rather than paying much attention to the products and services, banks should focus more on their customers.

Finally the condensed summary empirical review conducted by Yonatan (2012) was presented as follows

Table 2.1 Summary of past research works on Quality Service

| Research Title and Author(s) | Research Objective | Methods used | Result |
|---|---|--|---|
| <p>Comparative evaluation of critical factors in delivering service quality of banks:</p> <p>An application of dominance analysis in modified SERVQUAL model</p> <p>Authors M. Kumar, T. Kee & S. Peru (2009)</p> <p>International Journal of Quality & Reliability Management</p> <p>Vol. 27 No. 3, 2010</p> <p>pp. 351-377</p> | <p>This study aims to find the differences in the service quality (if any) between two types of banks, namely conventional and Islamic, in terms of common critical factors after re-examining the SERVQUAL model, Originally pioneered by Parasuraman. Further, the technique of dominance analysis is used to examine the relative importance of the critical factors in closing up the overall service quality gap in these two types of</p> | <p>The sample is made up of 308 bank customers, consisting of the customers from both Islamic and conventional banks from different parts of Malaysia. The data have been collected by using the structured questionnaire, which consists of three parts. Part 1 deals with consumers' usage of banking channels and their banking behavior. Part 2 contains 26 statements related to service quality dimensions based on SERVQUAL model. Finally, Part 3 contains the questions related to the socio demographic profiles of respondents.</p> | <p>The results reveal competence and different between banks, whereas the convenience are found between these two of dominance analysis indicates that the banks is in terms Competence and relatively more dominating types of banks. These help to reduce the extent of 72 percent banks and 85</p> |

| | | | |
|--|---|---|---|
| | banks. | | |
| Service quality: implications for management development Authors Atul Gupta and Injazz Chen, International Journal of Quality & Reliability Management, Vol. 12 No. 7, 1995, pp. 28-35, | This study attempts to define perceived service quality, relate the concepts of perceived service quality and its five dimensions in service operations, and the implications of the relation between service quality and its dimensions on management development. | SERVQUAL was used to collect data for all the three types of services: a fast food restaurant for pure service, an airline for mixed service, and a long distance telephone company for quasi-manufacturing service. A SERVQUAL Questionnaire was given to 110 consumers for each of the three services. Of the 110 questionnaires distributed, In addition to the 22 items on SERVQUAL, the respondents were asked to rate the overall quality of service operations on a seven-point Likert scale. We used a seven-point Likert scale instead of a four-point one as used by Parasuraman <i>et al.</i> because it will give a better normal spread of observations. | A striking result dimensions is relationship between reliability for all Reliability is the determining service of services. Tangible variable for the mixed Empathy is critical manufacturing services, individualized attention perceived satisfaction. |
| Service quality measurement in the banking sector in south Korea | The purpose of this study is to test the applicability of alternative measurement | A convenience sample was used to the study. From the potential respondents, total of 153 useable questionnaires were returned from banking customers. In order to measure | The first finding is original SERVQUAL SERVQUAL suggests scales cannot be used |

| | | | |
|--|--|--|---|
| <p>Authors Charles Chi Cui, Barbara R. Lewis & Won Park International Journal of Bank Marketing Vol. 24 No. 4(2003),p191-201</p> | <p>approaches i.e SERVQUAL Parasuraman <i>et al.</i>,1985,1991), SERVPERF, weighted SERQUAL, and weighted SERVPERF(Cronin and Taylor 1992) in the context of the banking sector in South Korea.</p> | <p>the service quality in South Korea the SERVQUAL and SERVPERF (Cronin and Taylor 1992, Parasuraman <i>et al.</i>,1985,199) is used.</p> | <p>customization is possible. The second finding suggests that the factor cultural consistency the other hand indicate that the SERVPER SERVQUAL when though it is not applicability SERVQUAL in south with farther</p> |
| <p>Determining the relative importance of critical factors in delivering service quality of banks Author : An application of dominance analysis in SERVQUAL model -Authors Mukesh Kumar, Fong Tat Kee and Amat</p> | <p>The purpose of this paper is to determine the critical factors to accessing the level of service quality of banks by re-examining the SERVQUAL model, originally pioneered by Parasuraman. Further, the technique of dominance analysis</p> | <p>The sample consists of 308 bank customers from different parts of Malaysia and data were collected by using a structured questionnaire, which consists of three parts. Part 1 deals with consumers' usage of banking channels and their banking behavior. Part 2 contains 26 statements related to service quality dimensions based on SERVQUAL model. Finally, Part 3 part deals socio-demographic profiles. The descriptive statistics have</p> | <p>The results reveal differences between and their perceptions. Among the four dimensions the smallest gap largest gap. The application indicates that together can help as much as 76 per to become more responsive and customers and providing more conveniently</p> |

| | | | |
|---|---|--|---|
| <p>Taap Manshor journal of Managing Service Quality ,Vol.19 No.2,2009.pp 211- 228</p> | <p>is used to measure the relative importance of each critical factor in closing up overall service quality gap of banks.</p> | <p>been used to find out the mean and standard deviation of each SERVQUAL statement on both perception as well as expectation. On the other hand, the factor analysis technique has been used to extract relevant dimensions from the 26 statements on Service-quality.</p> | |
| <p>Attributes of Service Quality: Consumers’ Perspective</p> <p>Author: Tigineh Mersha and Veena Abdalkha International Journal of Service Industry Management, Vol. 3 No3,1992,pp3425 .</p> | <p>The purpose of the study is to identify and rank attributes of good and poor quality from customers perspective.</p> | <p>A list of quality attributes was first obtained using a modified Delphi method with 25 MBA students Enrolled in a graduate Service Operation Management class as Delphi ”experts”. And the final survey questionnaire including 12 attributes’ of good and poor quality service. The questionnaires were distributed to around 316 for university graduate students of a university located in a large metropolitan area. The participants were asked to list attributes they considered important for good and poor quality of service, and also to add any other attributes which</p> | <p>The finding indicates good service quality 2)thoroughness/ac curacy; 3) consistency /reliability/; willingness to correct service. And the most service quality were: the service; (2) employee care” attitude; (3) service inconsistency; high cost. The ranking have well- Attributes that ranked good</p> |

| | | | |
|--|--|---|--|
| | | <p>did not appear in the list. Five service sectors were selected for this purpose namely -Physician services, retail banking, auto maintenance, colleges/universities.</p> | <p>quality for ranking for individual Willingness to correct error ranked the study indicate between cost and underscore the importance determining customers service.</p> |
|--|--|---|--|

Source: Yonatan G (2010)

Chapter Three

3 Research Methodology

3.1 Research Design and Research Strategy

Research design is a comprehensive plan for data collection in an empirical research project. The study will employ a descriptive research design and specifically a survey questionnaire. Because it seeks the opinions of customers regarding their satisfaction and service quality levels in the banking sectors, specifically OIB in Addis Ababa City.

To conduct a research, a researcher decided to use whether a quantitative, qualitative and/or mixed research approach (Kothari, 2004; and Bhattacharjee, 2012). The study employed the survey research design to get the respondents' attitude and opinion about the service quality and customer satisfaction of OIB and a quantitative research strategy because the numerical measurements such as descriptive statistics; frequency and mean and SERVQUAL model were employed to measure the service quality and customer satisfaction of OIB. On the other hand the descriptive research method and correlational research method were applied to describe the service quality and customer satisfaction of OIB and to know the relationship between the perceived service quality dimension and overall customer satisfaction of OIB respectively.

The researcher used quantitative research method in the study in order to understand the service quality and customer satisfaction in OIB because a research that focuses primarily on the construction of quantitative data follows a quantitative method (Kent, 2007, p. 10, 570) as cited in (Jenet, 2011). The study focuses on the service quality and customer satisfaction in the OIB. To understand more about the service delivery of OIB the researcher conducted a survey questionnaire. Since the service provision of the bank affects customer satisfaction, the researcher used questionnaire (quantitative approach) to know customers' expectations and perceptions about the OIB.

3.2 Sample Design

A sample design is meant to address two basic issues: how many elements of population and how they were selected? Sample size determination is an important and often difficult step in planning an empirical study. A probability sampling design was applied to select the sample, because the small in number of branches and to give equal chances. For this study, four branches of OIB were selected as a sample from the all branches randomly by using lottery system (in this case there are twenty five branches in Addis Ababa) according to the database of OIB. The total number of the four branches' account holders as of February 2014 is 10,520. The sample frame list was taken from the bank's Branch Operation Department.

A sample is a subset of a population element, where a population is a theoretically-specified aggregation of an element. According to Jenet (2011) work a sample size is a subset of a population. The research provides a representative sample of four branches of Oromia International Bank's customers in Addis Ababa City only.

3.3 Target Population

All the items under consideration in any field of inquiry constitute a 'universe' or 'population (Kothari, 2004). The total population of the study were included Oromia International Bank in Addis Ababa City Administration. The target population of this study was four branches of OIB in Addis Ababa City (Wadessa, Finfinne, Babo and Gullele branch). Sampling units were the target population elements available for selection during the sampling process. Using the OIB, sampling units were customers who have registered on customer database of the branches (in this case the target customers were the account holders) who experience the service of the organization and easily evaluate the service delivery of the bank. The total population of the four branches' account holder is 10,520 by the beginning of February, 2014, specifically the total population of each branch (Finfinne=3,470, Wadessa=4,100, Babo=1,790 and Gullele=1,160).

3.4 Sample Selection

There are several ways in which potential participants can be selected for inclusion in a research study, and the manner in which participants are selected is determined by several factors, including the research question being investigated, the research design being used, and the availability of appropriate numbers and types of study participants (Geoffrey, 2005). It is typically not practical to include every member of the population of interest in a research study. Time, money, and resources are three limiting factors that make this unlikely. Therefore, most researchers are forced to study a representative subset—a sample—of the population of interest (Geoffrey, 2005). If any of these conditions are violated, the result cannot be considered a true simple random sample. For this study, therefore, the researcher selected a sample of the four branches of OIB from the all 25 city branches of Addis Ababa City randomly by using simple random sampling (lottery system).

3.5 Sample Size

There are several approaches to determining the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published Tables, and applying formulas to calculate a sample size. Under this step sample size is selected, implying that the member of customers included in the study will be selected. Since it is difficult to determine the size of the sample and in order to make the right decision, different factors like the nature of research, time and money must be considered. Technically, the size of the sample depends upon the precision the researcher desires in estimating the population parameter at a particular confidence level. There is no single rule that can be used to determine sample size. Yamane (1967) cited in Israel (1992) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample sizes. A 95% confidence level and $P = .05$ or 5% margin error are assumed. The researcher uses the following formula to determining sample size.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= Sample size N= Size of population e= the error of 5% points

Source: <http://kb.psu.ac.th/psukb/bitstream/2010/6023/6/260491>

By using Yamane's (1967) formula of sample size with an error term 5% and confidence coefficient of 95% the sample is calculated as follows

The total population is 10,520. Thus, at 5% error and 95% confidence coefficient

$$n = \frac{10,520}{(1 + 10,520 * 0.05^2)}$$

$$n = 385.02 \sim 385$$

The researcher distribute this calculated sample size to each branches based on proportional ratio by dividing branch population to total population. Accordingly

Table 3.1 Distribution of branch sample size

| Branches | Total number of Account Holders of the branch = A | Ratio A/10520 | B= | Sample Allocated to Branch C= Bx385 |
|-----------------|--|----------------------|-----------|--|
| Wadessa | 4,100 | .39 | | 150 |
| Finfinne | 3,470 | .33 | | 127 |
| Babo | 1,790 | .17 | | 66 |
| Gullele | 1,160 | .11 | | 42 |
| Total | <u>10,520</u> | <u>1.00</u> | | <u>385</u> |

3.6 Sampling Techniques

There are two major alternatives on how to select appropriate sample: probability and non-probability sampling. The sampling technique that used in the study was convenience- non-probability selection method. Because a non-probability sampling method is advantageous than probability sampling methods, primarily due to the large

population that potentially will be involved, the need for undertaking a survey that covers a large geographical area and the limitations in the timing of conducting the survey and costs. And convenience sampling method is used in order to solicit willing respondents in filling the questionnaire or when population elements are selected for inclusion in the sample method based on the ease of access (Kothari, 2004). The study used a non-probability sampling technique specifically convenience method due to the large population, scattered geographical area, ease of access and the limitation in time and cost.

3.7 Data Collection Methods

Once the research problem is defined and the type of research was selected, it is time to decide which technique is going to be used for collecting data. In this section different techniques are presented. There are two major techniques to gather information about a situation, person, or problem. Based up these techniques primary and secondary data were gathered. The secondary data about customer satisfaction and service quality were collected from journals, books, and articles, from different research previously done and unpublished materials of OIB and web addresses and/or internet. The primary data were collected through questionnaires prepared for the bank's customers. Questionnaires were prepared to get idea about the customers' experience on service. For understanding the importance and satisfaction of each service quality dimensions a 5-scale questionnaire was used (1=very satisfied, 2= satisfied, 3=neutral, 5=very unsatisfied) to investigate the SERVQUAL dimensions on bank customers' satisfaction from customers' point of view.

Questionnaire Structure

The five dimensions of SERVQUAL as proposed by Parasuraman et al. (1988) was adapted in this study. SERVQUAL has emerged as perhaps the most popular standardized questionnaire to measure service quality. The instrument poses a set of 22 structured and paired questions designed to assess customers' expectations of service provision and the customers' perceptions of what was actually delivered. Such type of questionnaire will be used because of their appropriateness to obtain relevant information, opinions, and attitudes from large population within a short period of time.

The questionnaires were made in English and later translated in to Amharic language with the help of the researcher's advisor. The five dimensions operationalized by Parasuraman et al. (1988) to measure service quality. Finally, demographic information and product knowledge of banking customers were elicited from the respondents. The questionnaire was divided in three sections. The first section was the demographic profile of respondents; second question was related to respondents' Expectation (E) and perceptions (P) about service quality of banks. The third and last section was customer's satisfaction level. A Five-point Likert type scale where 1 stands for "Strongly Disagree", 2 stands for "Disagree", 3 stands for "Neutral", 4 stands for "Agree" and 5 stands for "Strongly Agree."

3.8 Data Analysis Method

The researcher analyzed the data to assess service quality deficiencies on individual attributes and on the five SERVQUAL dimensions. Each alternative answer is given a score and the score for expectations and perception is summarized. Then the difference between expectations and perceptions is counted and a judgment about the service quality was given. Expectations deal with customers opinions about service delivery of OIB, but perceptions relate to customers feelings about the bank.

The method of analysis was descriptive statistics which refers to a set of concepts and methods used in organizing, summarizing, tabulating, describing collections of data. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual or group. It provides a picture of what happened in the study (Kothari, 2004). Descriptive analysis in this study will include Percentage method, mean and standard deviation. So, to analyze the data that were gathered through questionnaires, the researcher used tabulation to present data numerically and analyze by using SPSS software package. After doing so, the analyzed data were interpreted quantitatively.

Moreover to test the hypothesis regarding the relationship between service qualitative dimensions (tangibility, reliability, responsiveness, assurance and empathy), and

customer satisfaction, independent T-test method analysis will be used at a statistically significant level ($p < 0.05$). This helps to test for the significant difference and similarities that may exist between the mean of OIB of customers' service quality perception on the five dimensions of service quality. In this study, a critical alpha level of 0.05 will use. The probability of 0.05 or less is considered to be a significant OIB customers' service quality perception.

3.9 Validity and Reliability

It is important to make sure that the instrument that we develop to measure particular concept is indeed accurately measuring the variable and that in fact, we are actually measuring the concept that we set out to measure. In this case, the use of better instrument will ensure more accuracy in results, which in turn, will enhance the scientific quality of the research. Hence in some way we need to assess the "Goodness" of the measure developed, that is, we need to reasonably sure that the instrument we use in our research do indeed measure the variable they are supposed to and that they measure them accurately. For this, the researcher have applied two elements of measurement i.e. validity and reliability.

Validity

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. What is relevant, evidence often depends upon the nature of the research problem and the judgments of the researcher. But one can certainly consider three types of validity in this connection: (i) Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. (ii) Criterion-related validity relates to our ability to predict some outcome or estimate the existence of some current condition.

Reliability

The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results. Reliable measuring instrument does

contribute to validity, but a reliable instrument need not be a valid instrument. Accordingly reliability is not as valuable as validity, but it is easier to assess reliability in comparison to validity. If the quality of reliability is satisfied by an instrument, then it can be confident that the transient and situational factors are not interfering (Kothari, 2004).

Chapter Four

4 Data Presentation and Analysis

4.1 Introduction

The content of this chapter is the presentation and analysis of data collected, and discussion of the results.

4.2 Analysis of Data Collected from Customers

This Chapter presents interpretation and analysis, and findings of data collected through self – administered questionnaires with 385 conveniently selected customers of OIB. The analysis was based on the data gathered from 385 customers. In order to get a representative data 385 questionnaires were prepared and distributed to customers of the bank by random sampling procedures. Out of 385 questionnaires distributed to customers, 332 questionnaires were collected back. From these only 302 were properly filled and the other 30 were not filled properly. Thus, the analysis was based on the valid 302 questionnaires response from customers. Even though a 30% response rate is considered acceptable (Sekaran, 2003), the rate of 78% for this study was very good.

Table 4.1 Response rate of Questionnaires Administered

| | Customers | | |
|------------|-------------------------------|----------------------|--------------|
| | Correctly filled and returned | Not correctly filled | Not returned |
| Number | 302/385 | 30/385 | 53/385 |
| Percentage | 78% | 8% | 14% |

Source: Researcher's Survey findings

Findings of the study are presented in a single part that deals analysis of data gathered from customers.

The data collected from customer consists of three parts. Part one asked about the demographic information of the respondents. The second part dealt with the survey of the respondents' (Customers') expectation and perception toward service quality of the bank. The final part asked to survey the satisfaction level of customer toward service quality of OIB.

4.2.1 Demographic Profile of Respondents

The questionnaire was design to seek information about the user groups' gender, age, education, Occupation and their Income.

The details breakdown of the demographic profile of the customers has been depicted in Table 4.2. The analysis shows that from the total302 respondents 76% of them are male and 24% are female. Regarding the age of the participants, the largest group (37%) is in the 26-33 years age group. The next largest group of the respondent is the age group between 34 and 41 while the least was in the above 50 years age group with a one percent.

The researcher tried to know the level of education of the respondents. As a result 62% were diploma & degree holder, 18% were Grade 11-12 completes, 10% were MA/PHD holders, 7% were grade 10 completes and the remaining 3% have other level of education. The occupation of the respondents were categorized as student, government employee, private employee, self- employed and unemployed with an average of 15%, 19%, 30%, 32% and 4% respectively. On the other hand the respondents include 21% customers with income less than 1000 ETB, 37% customers with income between 1001 and 3000 ETB, 35% customer with income between 3001 and 5000 ETB and the remaining 7 percent earn above 5000.

Table: 4.2 Demographic Characteristics of the Respondents

| Category | Characteristics | Number | Percentage |
|-------------------|------------------------|---------------|-------------------|
| Gender | Male | 230 | 76% |
| | Female | 72 | 24% |
| Age | 18-25 | 72 | 24% |
| | 26-33 | 110 | 37% |
| | 34-41 | 76 | 25% |
| | 42-50 | 40 | 13% |
| | Above 50 | 4 | 1% |
| Education | Grade 10 | 22 | 7% |
| | Grade 11-12 | 54 | 18% |
| | Dip/BA | 186 | 62% |
| | MA/PHD | 30 | 10% |
| | Others | 10 | 3% |
| Occupation | Student | 44 | 15% |
| | Gov't Employee | 56 | 19% |
| | Private Employee | 92 | 30% |
| | Self Employee | 98 | 32% |
| | Unemployed | 12 | 4% |
| Income | <1000 | 62 | 21% |
| | 1001-3000 | 112 | 37% |
| | 3001-5000 | 106 | 35% |
| | >5000 | 22 | 7% |

Source: Researcher's Survey findings

4.2.2 Analysis of Service Quality Dimensions and Customer Satisfaction

After the collection of the questionnaires from the respondents, the researcher explored the level of customers' expectation and perception towards service quality of the bank in five areas: tangibility, reliability, responsiveness, assurance, and empathy. Besides using descriptive statistics, gap analysis is used in comparing means between expectation score

and perception score of the respondents and the data were analyzed using SPSS version 20 program. Descriptive analysis was performed in order to examine respondent perceived satisfaction on observed variable, overall satisfaction and specific service quality attribute.

4.2.3 Level of Customers' Expectation and Perception on Service Quality

One of the important issues that marketers are faced with is what the customers expect from the service purchased. Indeed, it is the first and crucial stage in delivering service quality. Customer expectation revolves around their conviction about the products and services that they receive from the organization and company that serves them. It is comprehended as the reference point against which the performance of the service provided is judged. This understanding is imperative for marketers because customers compare the performance or quality of the services received and determines these as the reference points when they experience and evaluate the service quality (Zeithaml et al., 2006).

On the other hand customers' perceptions are formed subsequent to their experience of the services received from an organization. Furthermore, the level of previous customer experience with certain services that serve by other firms can impact on customers' perception of service quality. Researchers believe that perception and expectation are strong relative concepts (Parasuraman, Zeithaml, & Berry, 1985; Mersha, 1992; Avkiran, 1994). Customers' perceptions results from how customers recognize service quality; customers' expectations however can be shaped through the influence of other people.

This section presents the customers' expectation and perception towards service quality of OIB. Service quality is composed of tangibility, reliability, responsiveness, assurance, and empathy. The respondents were asked to rate each statement concerning their expectation and perception of service quality of the OIB.

A Five-Point Likert scale item analysis approach ranging from “strongly disagree”(1) to “strongly agree”(5) was used to measure the contribution of service quality dimensions for building customer satisfaction . The researcher has explored customers’ expectation and perception levels towards service quality of the bank. The degree of satisfaction towards service quality of the bank is set from 1 to 5 (5 is from the highest satisfaction, whereas, 1 is the lowest satisfaction).

The translation of level ranking is analyzed based on the following criteria of customers’ satisfaction designed by Best (1977: 174) (Belay, 2012).

Table 4.3 Best Level of Ranking

| Score | Mean | Satisfaction level |
|--------------|-------------|---------------------------|
| 1.00-1.80 | Lowest | Lowest |
| 1.81 - 2.61 | Low | Low |
| 2.62 -3.41 | Average | Average or Medium |
| 3.42 - 4.21 | Good | High |
| 4.22 - 5.00 | Very good | Highest |

Source: Best, 1977 as cited in (Belay 2012).

4.2.4 Service Quality Gap and Satisfaction Analysis

The average perceptions and expectations (on the scale from 1to 5) of the proposed 22 Service Quality issues are rated by the respondents. Table 4.4 describes the respondents’ response towards their perceptions of the service quality of OIB. The Table also describes the mean scores of the scale values for each of the items/statements in the questionnaire. For each statement there is the mean expectation (**E**) and perception (**P**) value, and the quality value is calculated by the formula **SQ=P-E**.

Where:

SQ=Service Quality,

P=Perception,

E=Expectation

Table 4.4 indicates that customers of Oromia International Bank perceived the consistence of the courteous of the employees of the bank (with the highest mean scores, i.e. $m = 4.28$) to be the most dominant perceived service quality and evident to a considerable extent, followed by safe in transaction ($m = 4.26$), knowledge ($m=4.21$), behavior of employee ($m = 4.20$), willingness to help ($m = 4.17$), which were all rated as high practices by. Moreover, the customers are satisfied with all of the variables stated under each service quality dimensions. Even if customers' satisfaction is at the highest and high level as described in the Table 4.3 it is important to see what they expect from the bank and comparing their expectation with what they perceived is an important strategy to identify their level of satisfaction towards service quality dimensions of the bank.

4.3.3 Tangibility Level on Customer Satisfaction

Tangibles encompass the appearance of the company representatives, facilities, materials, and equipment. The research shows that it has positive correlation and high significant with customer service with a positive mean gap of .18($P=3.83$ less 3.65). Table 4.4 indicated that customer of the bank are satisfied with tangibility of the bank. This is because of the overall mean perception ($m=3.83$) is higher than customers' expectation ($m= 3.65$). This implies that customers of the bank are satisfied because their perceptions are higher than what they expect from the bank. The Table also shows that customers' expectation of tangibility dimension of service quality is high. In addition, customers' perception towards tangibility is at high level. Therefore, tangibility dimension of service quality affects customers' satisfaction significantly. All the service quality attributes of the tangibility dimensions resulted in a positive mean gap. The modern looking equipments of the bank scored the highest mean gap of 0.39 followed by neat and professionally groomed employees with a 0.20 mean gap. Materials associated with the service and physical facilities had a mean score of 0.12 and 0.03. This indicated that the bank has employed the tangibility dimensions attributes that can satisfy the customer.

4.2.4.1 Reliability Level on Customer Satisfaction

Reliability is about the accuracy and timeliness in the service provided. Table 4.4 shows that the expectation ($m=3.96$) concerning reliability dimension is higher than the perceived services (3.94). Even though over all mean score of customers' perception is in the range of high customer satisfaction like that of customers' perception, what they expect is lower than what they perceived. This did not mean that they are not satisfied by the reliability dimensions of service quality of the bank. Sometimes customers' expectation is higher and there is time when they tolerate the service what we call zone of tolerance. In this case their satisfaction with reliability dimensions falls under the range of high customer satisfaction. Therefore, it is possible to say that customers are satisfied. Generally, since customers' expectations are high regarding reliability dimensions the managers should work hard to enhance the quality of reliability dimensions. The attributes categorized under reliability dimension were scored both positive and negative mean gap. The customers expect more from the staff in solving their problem, but the staff were failed to meet the expectation, the mean gap was -0.15. In addition the staffs did not perform the service right the first time because the mean gap of the attribute was -0.07. The bank should do for these attributes to exceed the expectation of the customer, though it existed in the high satisfaction level of good mean based on the Table 4.3.

Table 4.4 Summary of Items Statics of SERVQUAL Model

| # | Dimensions | Service Quality Attributes | Mean | | GAP= P-E |
|----|----------------|---|------------------|-----------------------|-------------|
| | | | Percept ion=P | Expe ctatio n=E | |
| 1 | Tangibility | The bank has Modern-looking equipment | 3.74 | 3.35 | 0.39 |
| 2 | | The bank has visually appealing physical facilities | 3.66 | 3.63 | 0.03 |
| 3 | | The bank has neat and professionally groomed employees | 3.92 | 3.73 | 0.20 |
| 4 | | Materials associated with the services will be visually appealing | 4.01 | 3.89 | 0.12 |
| 5 | Reliability | The staff keeps their promises | 3.98 | 3.94 | 0.04 |
| 6 | | The staff shows a sincere interest in solving your problem | 3.92 | 4.07 | -0.15 |
| 7 | | The staff performs the service right the first time. | 3.97 | 4.04 | -0.07 |
| 8 | | The staff provides the services timely | 3.90 | 3.87 | 0.03 |
| 9 | | The staff insist on error free records | 3.91 | 3.90 | 0.01 |
| 10 | Responsiveness | The employees tells you exactly when services be performed | 3.82 | 3.91 | -0.09 |
| 11 | | Employees of the bank give you prompt service | 4.01 | 4.08 | -0.07 |
| 12 | | Employees of the bank are always willing to help you | 4.17 | 4.07 | 0.10 |
| 13 | | Staff respond to requests promptly | 3.96 | 3.89 | 0.07 |
| 14 | Assurance | The employees' behavior install confidence in customers | 4.20 | 4.08 | 0.12 |
| 15 | | The staff makes you feel safe in transaction | 4.26 | 4.19 | 0.07 |
| 16 | | Employees of the bank are consistently courteous with you | 4.28 | 4.51 | -0.03 |
| 17 | | The employees have the knowledge to answer your question | 4.21 | 4.28 | -0.07 |
| 18 | Empathy | The employees are able to communicate effectively | 3.84 | 3.92 | -0.08 |
| 19 | | The employees understands your specific needs | 3.84 | 3.90 | -0.06 |
| 20 | | The bank has convenient operating hours | 3.78 | 3.91 | -0.13 |
| 21 | | The employees have their customer's best interest at heart. | 3.87 | 3.89 | -0.02 |
| 22 | | The staff shows personal attention to you | 3.85 | 4.05 | -0.20 |

Source: Researcher's Survey findings

4.2.4.2 Responsiveness Level on Customer Satisfaction

Responsiveness is the timely reaction towards the customers' needs. It is essential that bank staffs are willing and able to help customers provide prompt service and meet customers' expectation. Table 4.4 below shows that both the mean of expectation and perception was equal with ($m=3.99$). It is highly possible that customers are satisfied when they receive a quick response from the bank. Generally, customers' expectation and perception towards responsiveness of the bank falls under high level customer satisfaction. Under this dimension four attributes were categorized with two of them scored a positive mean gap and the remaining two were scored a negative mean gap score. The employees did not tell the customer when the service be performed while the customer expected from the employee of the bank. Similarly, the expected promptness of the employees exceed and the perceived promptness of the employee with a negative mean gap of 0.07. On the other hand the employees of the bank were willing to help you than the customer expectation.

4.2.4.3 Assurance Level on Customer Satisfaction

The assurance dimension refers to Knowledge and courtesy of employees and their ability to convey trust and confidence. Table 4.4 shows that overall expectation towards assurance dimension scored a mean of (4.22). Therefore, front office staff must have broad and deep knowledge, skills, capacity and experience to satisfy customers. The Oromia International Bank should improve the assurance in their services. This is a way to retain the customers, and even it can become a selling point to a particular bank if they can provide a better security compare to others. Employees did not meet the expectation of the customer in answering the customers' questions and consistency in courteous with you. But, both safe in transaction and confidence of the bank perceived service quality attributes exceed the expectation of the bank.

4.2.4.4 Empathy Level on Customer Satisfaction

The empathy dimension represents caring, individualized attention the firm provides its customers .Table 4.4 shows that overall expectation concerning empathy dimension

scored (3.95) and the Perception scored a mean of (3.97). All the service quality attributes grouped under this dimension were resulted in the negative mean gap. But it had a good mean with a high satisfaction level.

4.2.5 Overall Customer Satisfaction towards Service Quality

Banking operations are becoming increasingly customer oriented. The demand for 'banking supermalls' offering one-stop integrated financial services is well on the rise. With the phenomenal increase in the country's population and the increased demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success.

Thus, it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge.

Table: 4.5 Overall means score of Customer Satisfaction Statistics

| | Service Quality Dimension | Mean | | GAP= P-E | Rank |
|--|---------------------------|--------------|---------------|-------------|-----------------|
| | | Perception=P | Expectation=E | | |
| 1 | Tangibility | 3.83 | 3.65 | 0.18 | 1 st |
| 2 | Reliability | 3.94 | 3.96 | -0.03 | 4 th |
| 3 | Responsiveness | 3.99 | 3.99 | 0.00 | 3 rd |
| 4 | Assurance | 4.24 | 4.22 | 0.02 | 2 nd |
| 5 | Empathy | 3.84 | 3.93 | -0.10 | 5 th |
| Overall Mean Score of all Dimension | | 3.97 | 3.95 | 0.02 | |

Source: Researcher's Survey findings

Expectations have a central role in influencing satisfaction with services, and these in turn are determined by a very wide range of factors lower expectations will result in higher satisfaction ratings for any given level of service quality. This would be seen sensible; *e.g.*, poor previous experience with the service or other similar service is likely to result in it being easier to pleasantly surprise customers. However, there are clearly

circumstance where negative preconceptions of a service provider will lead to lower expectations, but will also make it harder to achieve high satisfaction ratings – and where positive preconception and high expectations make positive rating more likely.

Table 4.5 shows that overall satisfaction of expectation on the five dimensions is high level (3.95) which is significant. The result of customers expectation shows that assurance dimension is at the high level (4.22) followed by responsiveness (3.99), reliability (3.96), Empathy (3.93), tangibility (3.65) in descending orders. Most customers expect the employee to be effective in assurance, responsiveness, reliability, empathy and tangibility respectively.

Perception is an opinion about something viewed and assessed and it varies from customers to customers, as every customer has different beliefs towards certain services and products that play an important role in determining customer satisfaction. Customer satisfaction is determined by the customers' perceptions and expectations of the quality of the products and services. In many cases, customer perception is subjective, but it provides some useful insights for organizations to develop their marketing strategies. Providing high level of quality service has become the selling point to attract customer's attention and is the most important driver that leads to satisfaction. Therefore, customer perception and customer satisfaction are very closely linked together, because if the perceived service is close to customer's expectations it leads to satisfaction. Satisfied customers provide recommendations; maintain loyalty towards the company and customers in turn are more likely to pay price premiums (Reichheld, 1996).

Table 4.5 indicates that overall satisfaction of perception on the five dimensions is at a high level (3.97). Like that of their expectations most customers perceived assurance the most important dimension at (4.24), followed by responsiveness (3.99), Reliability (3.94), Empathy (3.84), and tangibility (3.83) in the descending order. In this study, assurance dimension was the most vital factor in which both the customers' expectation and perception are very high as compared with the other dimensions.

The SERVQUAL gap is calculated between the mean score of expectation and perception. The findings of the study show the difference between expectation and

perception as shown in Table above 4.5. The Table also demonstrates the gap between customers' expectation and perception. The study shows that the overall level of perception of tangibility and assurance are higher than level of expectation.

Tangibility resulted in the highest positive gap (0.18) followed by assurance (0.02)) respectively. On a five-point scale, the mean scores of customers' perceived service quality of the bank is 3.97 indicate that customers' perceive that quality of service being offered by OIB is high.

4.2.5.1 Satisfactions of Respondents' with Service Quality

The questionnaire ended up with a five scale question about their view of service quality dimensions to the satisfaction they have experienced throughout their stay. In order to know this feedback the researcher asked the customers' full satisfaction with respect to each service quality dimensions. As tabulated on Table 4.6 in almost all the service quality dimension the customers are satisfied with a mean 3.98 and Sd .921 that falls in the score between 3.42-4.21 mean good satisfaction (High).

Table 4.6 Satisfaction and Overall Service Quality Statistics

| No. | Questions | Mean | St. Deviation |
|---------------------------|--|-------------|---------------|
| 1 | I am fully satisfied with the tangibility of the bank | 3.99 | 1.109 |
| 2 | I am fully satisfied with the reliability of the bank | 3.96 | .879 |
| 3 | I am fully satisfied with the responsiveness of the bank | 4.03 | .835 |
| 4 | I am fully satisfied with the assurance of the bank | 4.00 | .929 |
| 5 | I am fully satisfied with the empathy of the bank | 3.92 | .851 |
| Overall Mean Score | | 3.98 | .921 |

Source: Researcher's Survey findings

4.2.6 Summary of Data Analysis

It is pertinent that all the components in a service quality program be strictly followed and implemented effectively. Assurance, Reliability, Empathy, Tangibles and Customer Satisfaction are all equally important. Methods that the bank management could use in order to determine those areas that need improvement would be to rank quality dimensions based on their Importance (Expectation) and Performance (Perception) score or based on the gap score between perception and expectation.

Thus it is necessary to find out whether customers pay more or less attention to certain aspects when they evaluate a bank's service delivery system. As indicated in the Table 4.4 perception is measured for each attribute separately, on a five point Likert scale. Based on these ratings, the researcher has obtained the performance (perception) scores for the five service quality dimensions, namely "Tangibility" (3.83), "Reliability" (3.94), "Responsiveness" (3.99), "Assurance", the most customer perceiving (4.24) and, and "Empathy" (3.84). As for the expectation the researcher had decided to ask respondents to rate the expectation they had to the five dimensions on a five point scale. The results indicate that the most important dimension is "Assurance" (4.22), followed by "responsiveness" (3.99), "Reliability" (3.94), "Empathy" (3.84), and "Tangibility" (3.83) respectively. Therefore, the bank needs to give due attention to the "empathy and reliability" service delivery attribute to meet the higher expectation of the customer.

With the help of this information or findings, the researcher can conclude that immediate attention should be given by bank management to those items mentioned under the five service quality dimension and further investment should be directed towards its improvement. Moreover, if there are enough resources, the management should also consider those dimensions which have high perception to delight customers.

4.2.7 Correlation Analysis

A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). A

correlation analysis with Pearson's correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation coefficient (r) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and > 0.5 is strong. Correlation coefficients say nothing about which variable causes the other to change. Although it cannot make direct conclusion about causality, we can take the correlation coefficient a step further by squaring it (Andy, 2005). The correlation coefficient squared (known as the coefficients of determination, R^2) is a measure of the amount of variability in one variable that is explained by the other (Belay 2012).

Table 4.7 Correlation between Perceived Service Quality Dimensions with Overall Satisfaction in OIB

| Attributes | Tangibility | Reliability | Responsiveness | Assurance | Empathy | Overall Satisfaction |
|-----------------------------|-------------|-------------|----------------|-----------|---------|----------------------|
| Tangibility | 1 | | | | | |
| Reliability | .969** | 1 | | | | |
| Responsiveness | .977** | .988** | 1 | | | |
| Assurance | .951** | .929** | .955** | 1 | | |
| Empathy | .977** | .969** | .975** | .919** | 1 | |
| Overall Satisfaction | .897** | .894** | .912** | .865** | .896** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed). Sig. (2-tailed; N=302)

Source: Researcher's Survey findings

The correlations between the perceived service quality dimensions and overall customer satisfaction are provided in the above correlation Table. The five service quality dimensions shows very large positive and significant correlation with overall service quality, with higher correlation value of 0.912 with responsiveness and lower value of 0.865 with assurance.

From Table 4.7 responsiveness and customer satisfaction had a high degree of correlation of .912 and the value of $r^2 = 0.832$. This indicates that it is 99% confident variation in customer satisfaction can be explained by responsiveness dimension which accounts 83.2%. The remaining 16.8% variation in overall customer satisfaction will be due to other factors. Still variability in customer satisfaction can be accounted by assurance (74.8%), tangibility (80.5%), reliability (79.9%), and empathy (80.3%).

4.2.7.1 Summary Correlation Statics

From the above statistical tests the following summary is drawn, to show the differences between one variable with the other variables. The dependent variable (overall customer satisfaction) and independent variables (five perceived service dimensions) related with each other. In other contexts, the “***” sign shows the correlation result between the variables. Therefore, the result reflects that overall customer satisfaction is affected by five dimensions variables. All of the dimensions have P-values < 0.05 , Meaning there is a significant relationship between perceived service quality and overall customer satisfaction of OIB.

4.2.8 Reliability and Validity Analysis

Reliability

The output result of the basic reliability analysis was conducted for any subscale of the total items under study. The facts of study show that there is a positive relationship between reliability and customer satisfaction in the OIB. Data shows that customers are satisfied with the services provided by the bank as promised and handling of solving the problem. Customers are confident that the bank will fulfill the promised terms and conditions to its

customers. Generally, all the quality service dimension under study have been found to be significantly and positively correlated with customer satisfaction with the following facts tangibility ($r = .897^{**}$, $p < .01$), reliability ($r = .894^{**}$, $p < .01$), Responsiveness($r = .912^{**}$, $p < .01$), Assurance ($r = .865^{**}$, $p < .01$), and Empathy ($r = .896^{*}$, $p < .05$).

The output result of the basic reliability analysis shall be conducted for any subscale of the total items. The values in the column labeled corrected item-Total correlation are the correlation between each item and the total score from the questionnaire. In a reliability scale all items should correlate with the total.

On the other hand, the values in the column labeled Alpha if item deleted are the values of the overall α if that item isn't included in the calculation. As such, they reflect the change in Cronbach's α that would be seen if a particular item were deleted. What we're actually looking for is value of α greater than the overall α . If you think about it, if the deletion of an item increase Cronbach's α then this means that the deletion of that item improves reliability. Therefore, any items that result in substantially greater values of α than the overall α may need to be deleted from the scale to improve its reliability. Perhaps most importantly, the value of alpha at the very bottom is Cronbach's α .

According to Elias (2012) that the Cronbach alpha with acceptable cut off point 0.70 demonstrates that all attributes are internally consistent (Kazi, 2010). Any items that result in substantially greater values of α than the overall α may need to be deleted from the scale to improve its reliability. In the case of this study, none of the items here would substantially affect reliability if they were deleted. Therefore, for the five services quality dimensions in both expectation and perception and for overall customer satisfaction reliability statistic test were summarized on Table 4.8 below.

All the items tested above scored the overall α that is greater than 0.7 and none of the item here would increase the reliability if they were deleted. This indicates that all items are positively contributed to the overall reliability. Therefore the overall α of all the individual items were above 0.7 that leads to have excellent statistical fact that indicated good reliability.

Table 4.8: Summary of Reliability Tests

| Items to be Tested | Cases | | | Reliability Statistics | | |
|--------------------------|-------|----------|-------|------------------------|------------------|--|
| | Valid | Excluded | Total | No. of Items | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items |
| Expected Tangibility | 302 | 0 | 302 | 4 | 0.981 | 0.983 |
| Expected Reliability | 302 | 0 | 302 | 5 | 0.989 | 0.990 |
| Expected Responsiveness | 302 | 0 | 302 | 4 | 0.987 | 0.987 |
| Expected Assurance | 302 | 0 | 302 | 5 | 0.981 | 0.982 |
| Expected Empathy | 302 | 0 | 302 | 4 | 0.991 | 0.991 |
| Perceived Tangibility | 302 | 0 | 302 | 4 | 0.967 | 0.975 |
| Perceived Reliability | 302 | 0 | 302 | 5 | 0.994 | 0.994 |
| Perceived Responsiveness | 302 | 0 | 302 | 4 | 0.981 | 0.981 |
| Perceived Assurance | 302 | 0 | 302 | 5 | 0.991 | 0.991 |
| Perceived Empathy | 302 | 0 | 302 | 4 | 0.992 | 0.993 |
| Overall Satisfaction | 302 | 0 | 302 | 5 | 0.974 | 0.979 |

a. Listwise deletion based on all variables in the procedure.

Source: Researcher's Survey findings

Validity

The applicability of SERVQUAL measure is well established in the retail banking industry. Hence, SERVQUAL heightened the interest of many researchers but there are some arguments against its validity. Criticisms include the use of different scores, applicability, dimensionality, lack of validity, etc. Critical reviews of SERVQUAL are offered by Asubonteng et al. (1996) and Buttle (1996). An expectation in measures of service quality is a position to be supported (Elias 2012).

Chapter Five

5 Conclusions, Recommendation, Limitations and Implications for Further Research

5.1 Introduction

This chapter will present the study's conclusion from the research and the research questions will be answered. The chapter ends with recommendations, limitations and implication for further research.

5.2 Conclusion

*“If you cannot measure it, you cannot improve it”
Lord William Thomson Kelvin (1824-1907)*

Both practitioners and academics measure service quality and try to identify those areas that need improvement in order to gain a competitive advantage. Therefore, the study makes an attempt to compare different methods that help bank managers to decide upon those service quality aspects that need improvement and further investment. In addition, the researcher has examined the relationship between five service quality dimensions and customers' satisfaction in OIB and tried to identify which dimension has the highest impact on customers' satisfaction and which need improvement. The customer gap is evaluated on the basis of five service quality dimensions encompassing Tangibility, Reliability, Responsiveness, Assurance and Empathy. Based on these five service quality dimensions questionnaire is conducted. The questions posed are all pertaining to service quality attribute aiming to explore the respondents expected and perceived service evaluations in all aspects of the service delivery of the bank. This study focused further on the gap between customers' expectation and their perception of the bank (OIB). The results showed that the overall mean score of perception ($m=3.97$) is higher than expectation ($m=3.95$) in tangibility and assurance dimensions, yielding a positive SERVQUAL gap, reliability and assurance were resulted in a negative and the responsiveness has a zero gap.

The attributes perceived satisfactory performed are scattered between the five service quality dimensions. The most affirmatively perceived service quality dimensions are

assurance and responsiveness followed by reliability. However, empathy and tangibility are less perceived compared to the other dimensions.

Responsiveness shows the highest positive correlation ($r=.912^{**}$, $p<0.01$) with overall customer satisfaction and tangibility demonstrates the second highest positive correlation ($r=.897^{**}$, $P<0.01$) with overall with customer satisfaction.

The demographic characteristics of respondents at the banks show that the majority of their respondents are male (76%) and above half of the respondents have a minimum of diploma holder. Also most of the respondents are relatively well educated with all of them having at least a diploma. On the other hand one percent of the respondents have an age of above 50.

5.3 Recommendation

One of the major aims of the study was to make relevant recommendations on service quality and customer satisfaction of Oromia International Bank. Considering the findings of the study and conclusions, the following recommendations are made. With the recent establishment of several new banks in Ethiopia, the banking industry in the country is undergoing dynamic expansion. It is, therefore, imperative for banks to continuously monitor their level of service delivery, changing customer profiles and the drivers of satisfaction in order to retain their current customers and also to attract new ones. Based on this fact and the findings of this study the following recommendations are proposed to help improve service quality at OIB so as to increase customer satisfaction and delight them.

- ❖ The bank keep the positive mean gap scores to retain the exits customer and improve the negative mean gap score to meet the customer expectation. The following attributes needs special attention: solving the problems, performing the service right the first time, telling the customer exactly when the service be performed, giving the customer a prompt service, consistence courteous, knowledge of answering the customer questions, effective communication,

understanding customers' specific needs, convenient working hours, keeping the customers best interest, and finally the staff should show the personal attention to the customers.

- ❖ In the present competitive banking environment, most of the banks offer the same or similar products around the world and service quality is a vital means to differentiate them in the market place. Therefore, to be successful, the bank must provide service to their customers that meets or exceeds their expectations, and the present study will provide at least some sorts of guidelines to the policy makers of the bank, to take right decision to improve the quality of services of the bank.
- ❖ A customer experiences and judges the service quality on the basis of his or her perception of services. Therefore, the bank should provide customers with full experiences conforming to their individual desires.
- ❖ The bank should use the latest technological tools for the network problems that can minimize the network problem for example fiber optics instead of copper cable.

5.4 Limitations

Time and money have always been the main constraints in almost all research studies. Since this is an academic research with limited time, I targeted only a few branches of OIB due to time period I had to conduct the research. If I had the time I would have preferred to target as many branches as possible, to actually be able to see how this holds with them and to draw a better conclusion and generalization. Another constraint I had, which is not so common was the complexity of the SERVQUAL Model in understanding the whole questions.

5.5 Managerial Implications

Banking is the hyper competitive industry. Success in banking sector inevitably depends on customer satisfaction. The banks those are not in a position to meet expectations of their customers will be gradually driven away from competition. SERVQUAL as the

quality measurement instrument focusing customer expectations and perceptions and gap between two is the most popular method used in service sector like banking. In this study, service quality of private, public and foreign banks were measured by using the SERVQUAL method. This study adds to the small but growing volume of literature examining service quality in Ethiopia. Service Quality has become an important integral component of many organizations in order to differentiate themselves from competitors and to build sustainable competitive advantage. When assessing the service quality managers should not employ general measures of service quality, but should ensure that they are evaluating all aspects of their service. The result of this study provides evidence that the SERVQUAL dimensions are a useful tool to predict overall customer satisfaction.

5.6 Suggestions for Future Research

Further research could be to study the impact of service quality on customer satisfaction and identifying the relative importance of the significant predictors with the use of all the five SERVQUAL dimensions at once, to see if satisfaction level of employees is related to their services and/or customer satisfaction. Another further study could be to test among the dimensions with the use of another statistical method to see which of them will be more important to service quality and/or customer satisfaction. Since, the current research was conducted in OIB's Addis Ababa Branches; it is difficult to generalize for service performance of all branches of OIB and other banks operating in Ethiopia. Therefore, future researcher can replicate insights of the current study in to overall financial services provider in Ethiopia.

6 Reference

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7 Appendix

7.1 English Questionnaire

Addis Ababa University
School of Commerce
Marketing Management Masters Program

Self Administered Questionnaire to Be Filled By *Customers*

I am master's student at Addis Ababa University and I am doing my post graduate thesis under the supervision of Dr. Ayele Abebe . I kindly requested you to participate in the research in title: **“Assessment of Service Quality and Customer Satisfaction: The Case of Oromia International Bank Sh.Co.”**.

This questionnaire is designed to gather data from **Customers of Oromia International Bank** regarding their **Expectation and Perception and Satisfaction**. The objective of this research is to assess customer expectation and perception levels towards service quality of Oromia International Bank and to identify the most determinants of service quality which leads to customer satisfaction. Your response is highly valuable for the study and there are no identified risks from participation in the survey. Participation in the study is completely voluntary it will take you approximately 8-10 minutes to complete this questionnaire. The questionnaire consists of three parts (personal information, your expectation and your perception and your satisfaction level).Therefore; your genuine answer to the questions in the questionnaire has an enormous value to the completion of this study.

Thank you for your kind cooperation and valuable time.

Remark

- ✓ No need of writing your name.
- ✓ Your confidentiality maintained honestly.
- ✓ Use ✓ up on given choices alternatives

Part I Personal Information

1. Please indicate your gender Male Female

2. Please indicate your age group
18-25 26-33 34-41 42-50 Above 51

3. Level of education Grade 10 completed Grade 11-12 completed
Diploma/ Bachelor’s degree Post-graduate degree (MA/PHD) Other

4. Please indicate your occupation
Student Government Employee Private Employee
Self Employee Unemployed

5. Please indicate your monthly income
< 1000 1001-3000 3001-5000 > 5000

Part II: Survey of your Expectations and Perceptions towards Service Quality of OIB.

This survey deals with your opinion about Oromia International Bank **Service Delivery System**. Please show the extent to which you expect and perceive the organization’s offering services should possess features described by each statement. There is no right or wrong answers all I am interested in is a number that best show your expectations and perceptions about the Service Delivery System of Oromia International Bank. Based on this please put a tick (✓) in the boxes which mostly explain your attitudes.

The score levels are described as:

- 1- Strongly Disagree 2- Disagree 3- Neutral 4- Agree 5- Strongly Agree*

| SERVQUAL Dimension | <u>Level of expectation</u> <i>1-St. Dis agree 5- St. Agree</i> | | | | | <u>Level of Perception</u> <i>1- St. Dis agree 5- St. Agree</i> | | | | |
|---|---|----------|----------|----------|----------|---|----------|----------|----------|----------|
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| Tangibility | | | | | | | | | | |
| 1. Oromia International Bank has Modern-looking equipment | | | | | | | | | | |
| 2. Oromia International Bank have visually appealing physical facilities | | | | | | | | | | |
| 3. Oromia International Bank have neat and professionally groomed employees | | | | | | | | | | |
| 4. Materials associated with the service (such as pamphlets or statements) will be visually appealing at Oromia International Bank. | | | | | | | | | | |
| Reliability | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 5. When Oromia International Bank promises to do something by a certain time, they do. | | | | | | | | | | |
| 6. When you have a problem, the staff shows a sincere interest in solving it. | | | | | | | | | | |
| 7. The staff performs the service right the first time. | | | | | | | | | | |
| 8. The staff provides the service at the time they promise to do so. | | | | | | | | | | |
| 9. The staff insist on error free records | | | | | | | | | | |
| Responsiveness | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 10. Employees of the bank tells you exactly when services be performed | | | | | | | | | | |
| 11. Employees of the bank give you prompt service | | | | | | | | | | |
| 12. Employees of the bank are always willing to help you | | | | | | | | | | |

| | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 13. Employees of the bank are never being too busy to respond your requests | | | | | | | | | | |
| Assurance | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 14. The behavior of employees in the bank install confidence in customers | | | | | | | | | | |
| 15. The staff makes you feel safe in transaction | | | | | | | | | | |
| 16. Employees of the bank are consistently courteous with you. | | | | | | | | | | |
| 17. Employees of the bank have the knowledge to answer your questions. | | | | | | | | | | |
| Empathy | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 18. The employees are able to communicate effectively with you. | | | | | | | | | | |
| 19. The employees of The bank understands your specific needs | | | | | | | | | | |
| 20. The bank have operating hours convenient to all their customers | | | | | | | | | | |
| 21. The employees have their customer's best interest at heart. | | | | | | | | | | |
| 22. The staff shows personal attention to you | | | | | | | | | | |

Part III: Survey of your Satisfaction level of towards Service Quality of OIB.

| Customer Satisfaction | Strongly disagree (1) | Disagree (2) | Neutral (3) | Agree (4) | Strongly Agree (5) |
|---|----------------------------------|-------------------------|------------------------|----------------------|-------------------------------|
| I am fully satisfied with the appearance of physical facilities, equipment, personnel, and communication materials of the bank. (Tangibility) | | | | | |
| I have full satisfaction with the bank's ability to perform the promised service dependably and accurately. (Reliability) | | | | | |
| I have full satisfaction with the the bank's willingness to help customers and provide prompts ervice. (Responsiveness) | | | | | |
| I have full satisfaction with the Knowledge and courtesy of the bank's employees and their ability to convey trust and confidence.(Assurance) | | | | | |
| I have full satisfaction with the caring, individualized attention the bank provides the service to its customers.(Empathy) | | | | | |
| Overall, I am satisfied with the bank Service Quality provided. | | | | | |

7.2 Amharic Questionnaire

አዲስ አበባ ዩኒቨርሲቲ

ንግድ ስራ ትምህርት ቤት

ውድ የኦሮሚያ ኢንተርናሽናል ባንክ ደንበኞች

እኔ በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት የማርኬቲንግ ማናጅመንት ትምህርት ክፍል ተማሪ ሲሆን ፤ ለገበያ ስራ አመራር ድህረ ምረቃ ትምህርት (Master of Arts in Marketing Management) ከፊል ማሟያነት የሚውል በኦሮሚያ ኢንተርናሽናል ባንክ የአገልግሎት ጥራት ልኬትና የደንበኞች እርካታ ጥናት ላይ ያተኮረ ነው።

ስለዚህም የተከበራችሁ ደንበኞች በዕርስዎ አመለካከት የባንኩ አገልግሎት ጥራት እና ተዛማጅ ነገሮች ላይ ያሉትን አስተያየት በመስጠት ለጥናቱ ስኬታማነት የበኩለዎን ሚና ይጫወቱ ዘንድ በአክብሮት እየጠየኩ ከዚህ ጋር በተያያዘ ማንኛውም የምትሰጡት ምላሽ በተገቢው ሁኔታ በሚስጥር ተጠብቆ የሚቀመጥ ከመሆኑ ባሻገር ለጥናቱ አገልግሎት ብቻ የሚሆን መሆኑን ላረጋግጥልዎ እወዳለሁ። ለምታደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ።

ማስታወሻ:- እባክዎ ለጥያቄዎቹ በመልስነት ከቀረቡት አማራጮች ውስጥ ምልክት (✓) በማድረግ ምላሽዎትን ይስጡ።

ክፍል አንድ: የተሳታፊዎች አጠቃላይ ሁኔታ

ሀ: ያታ ወንድ ሴት

ለ: እድሜ ከ18-25 ከ26-33 ከ34-41

 ከ42-50 ከ51 በላይ

ሐ: የትምህርት ደረጃ

10ኛ ክፍል ያተናቀቀ መሰናዶ ትምህርት ያጠናቀቀ

ዲፕሎማ/ድግሪ ድህረ- ምረቃ (ማስተርስ/ፒ.ኤች.ዲ)

መ፡ የስራዎ አይነት፡

ተማሪ በግል ድርጅቶች ተቀጣሪ

የመንግስት ሰራተኛ የግል ስራ ስራ የሌለው

ረ፡ የወር የገቢ መጠን

ከ1000 ብር በታች ከ 1001-3000 ብር

ከ3001-5000 ብር ከ 5001 ብር በላይ

ክፍል ሁለት

ከዚህ በመቀጠል የቀረቡ ዓርፍተ ነገሮች በአሮሚያ ኢንተርናሽናል ባንክ የአገልግሎት ጥራት ላይ ያለውን ስሜት ያመለክታሉ። ስለዚህ ስለ ባንኩ አገልግሎት ጥራት በርስዎ አመለካከት ትክክለኛ ብለው የሚያስቡትን ከ1-5 ከቀረቡት አማራጮች መካከል በማክበብ ምላሽ ይስጡ፡ '1' በጣም አልስማማም '2' አልስማማም '3' ገለልተኛ '4' እስማማለሁ እና '5' በጣም እስማማለሁ።

| የአገልግሎት ጥራት መገለጫዎች | ስለ ባንኩ አገልግሎት ቅድመ ግምትዎ ምንድን ነው?(Expectation) 10.አልስማማም----50. እስማማለሁ | | | | | ከባንኩ ላገኙት አገልግሎት ያለውን አመለካከት ወይም ግንዛቤ ምንድን ነው?(Perception) 10.አልስማማም----50. እስማማለሁ | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| ተጨባጭ ሁኔታዎች | | | | | | | | | | |
| 1. የአሮሚያ ኢንተርናሽናል ባንክ ዘመናዊ እይታ ያለው መሳሪያዎች አሉት | | | | | | | | | | |
| 3. የአሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች ጥሩ ልብስ ለብሠውና ተውበዉ | | | | | | | | | | |

| | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| ይቀርባለ። | | | | | | | | | | |
| 4. የኦሮሚያ ኢንተርናሽናል ባንክ ለስራ የሚያገለግሉ ማቴሪያሎች እና መሳሪያዎች ከሚቀርቡት አገልግሎቶች አይነት ጋር አብሮ የሚሄድ ነው | | | | | | | | | | |
| ታማኝነት | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 5. የኦሮሚያ ኢንተርናሽናል ባንክ ስራተኞች በአንድ በተወሰነ ጊዜ ውስጥ ስራ ለመስራት ቃል ይገባል፤ እንደ ቃላቸውም ይፈጽማሉ | | | | | | | | | | |
| 6. አንድ ደንበኛ ችግር ካጋጠመው የኦሮሚያ ኢንተርናሽናል ባንክ ስራተኞች ችግሩን ለመፍታት ቀና ፍላጎት ያሳያሉ። | | | | | | | | | | |
| 7. የኦሮሚያ ኢንተርናሽናል ባንክ ሊተማመኑበት የሚችሉ ባንክ ነው | | | | | | | | | | |
| 8. የኦሮሚያ ኢንተርናሽናል ባንክ አንድን ስራ ለመስራት ለፈፀመው ቃል በገባው ጊዜ ያቀርባል | | | | | | | | | | |
| 9. የኦሮሚያ ኢንተርናሽናል ባንክ መዛግብቱን ከስህተት የፀዱ እንዲሆኑ ያበረታታል ። | | | | | | | | | | |
| ምላሽ ሰጪነት (ግልፅኝነት) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 10. የኦሮሚያ ኢንተርናሽናል ባንክ ስራተኞች አገልግሎት የሚያከናውኑበትን ጊዜ በትክክል ይነግረዎታል። | | | | | | | | | | |
| 11. የኦሮሚያ ኢንተርናሽናል ባንክ ስራተኞች ለእርስዎ ቀልጣፋ አገልግሎት ይሰጥዎታል. | | | | | | | | | | |

| | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 12. የኦሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች እርስዎን ለመርዳት ሁልጊዜ ፈቃደኞች ናቸው. | | | | | | | | | | |
| 13. የኦሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች የእርስዎ ጥያቄዎች በፍጥነት ለመመለስ ፈፅሞ ስራ አይበዛባቸውም። | | | | | | | | | | |
| ዋስትና (መተማመኛ) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 14. የኦሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች ባህሪ በእርስዎ እምነት እንዲያደርግ ያደርጋል። | | | | | | | | | | |
| 15. እርስዎ ከኦሮሚያ ኢንተርናሽናል ባንክ በሚያደርጉት አገልግሎት ላይ ደህንነት ይሰማዎታል | | | | | | | | | | |
| 16. የኦሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች ለእርስዎ ወጥነት ወለዉ ትህትናን ያሳያሉ። | | | | | | | | | | |
| 17. የኦሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች የእርስዎ ጥያቄዎች ለመመለስ በቂ እውቀት አላቸው። | | | | | | | | | | |
| ችግር ተካፋይነት | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| 18. የኦሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች የእርስዎ ልዩ ፍላጎት ይረዳሉ። | | | | | | | | | | |
| 19. የኦሮሚያ ኢንተርናሽናል ባንክ ሰራተኞች የእርስዎ ትክክለኛ የልብዎ ፍላጎት ተቀብለው ያስተናግዳሉ። | | | | | | | | | | |
| 20. የኦሮሚያ ኢንተርናሽናል ባንክ ለሁሉም ደንበኞቹ ምቹ የሆነ የስራ ሠዓት አለው። | | | | | | | | | | |
| 21. ኦሮሚያ ኢንተርናሽናል ባንክ የእርስዎን ምርጥ የልብ ፍላጎቶች አሉት | | | | | | | | | | |

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| 22. የኦሮሚያ ኢንተርናሽናል ባንክ ለእርስዎ የግል ትኩረት የሚሰጡ ሰራተኞች አሉት | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|

ክፍል ሦስት፡ የደንበኞች እርካታ

እባክዎ ለጥያቄዎቹ በመልስነት ከቀረቡት አማራጮች ውስጥ ምልክት

(√) በማድረግ ምላሽዎትን ይስጡ።

| የደንበኛ እርካታ መለኪያ | በጣም አልሰማም (1) | አልሰማም (2) | መካከለኛ (3) | እስማማለሁ (4) | በጣም እስማማለሁ (5) |
|--|---------------|-----------|-----------|------------|----------------|
| በባንኩ በሚታዩ ቁሳቁሶች የቢሮ ንፅህና እና የሠራተኞች ውቤት እና ማራኪነት በጣም ረክቻለሁ። | | | | | |
| በገቡልኝ ቃል መሠረት ስለፈፀሙልኝ እና በታማኝነታቸው በጣም ደስተኛ ነኝ። | | | | | |
| በባንኩ ቀልጣፋ ምላሽ ሰጪነት በጣም ረክቻለሁ። | | | | | |
| በባንኩ ሰራተኞች ዕውቀት ትህትና እና ባህሪ በጣም እተማመናለሁ ስለሆነም በጣም ደስተኛ ነኝ። | | | | | |
| በባንኩ ሠራተኞች ተባባሪነትና ችግር ተካፋይነት በጣም ደስተኛ ነኝ። | | | | | |
| በአጠቃላይ ኦሮሚያ ኢንተርናሽናል ባንክ በሚሰጠው አገልግሎቶች በጣም ረክቻለሁ። | | | | | |